

# Business & Finance

## MORE THAN MONEY



Sid MITTRA, Ph.D.

## Calculate insurance needs

Editor's note: This is the third article in a four-part series on life insurance planning.

There is no mystery to determining how much life insurance you really need. It boils down to a simple question: How much lump sum is required today to provide the needed lifetime income for the surviving family in the event of your untimely death. The best way to illustrate this point is to determine the life insurance of a hypothetical family. Bob, 40, and Sue Hohauser, 38, have two children, Rita, 13, and Robert, 11. Sue is a homemaker. It is assumed that if Bob were to die today Sue will not start working and the surviving family will need a monthly income of \$2,000 in today's dollars until Sue reaches the ripe old age of 100.

At one extreme is the possibility that if Bob dies today, and Sue stashes away available cash under the mattress, then she will need \$1,488,000 (\$2,000 x 12 months x 62 years) to reach her goal. At the other extreme is the possibility that if she manages to earn a 16 percent return on her investment, she would need only \$160,685 to reach her goal of receiving \$2,000 per month.

However, these examples are too simplistic to be of much use because they take into account neither the impact of inflation nor the sources from which these incomes could be derived.

We know that if Sue doesn't invest the money then she will need \$1,488,000 to generate a monthly income of \$2,000 until she is 100 years old. However, if she could invest the money at, say, 8 percent, then it would take only \$308,214 to reach her goal. That is, at 8 percent, a lump sum of \$308,214 will earn interest of \$1,179,786 (\$308,214 x .08 x 62 years = \$1,179,786) — truly an amazing story revealed in Table 1.

A matter of even greater surprise is that Sue needs \$298,579 to receive \$2,000 a month until age 80, which is only \$9,635 less than \$308,214 which she would need to receive that income until age 100.

That is, it would cost only \$9,635 to receive a \$2,000 monthly income for an additional 20 years, or a total of \$480,000 (\$2,000 x 12 months x 20 years). Interestingly, at 16 percent, this difference virtually disappears (\$160,685 vs. \$160,389).

See MITTRA, C3

Sid Mittra, Ph.D., CFP, is professor emeritus of finance, at Oakland University, and owner of Mittra & Associates, a Rochester Hills financial consulting firm. This column was critically reviewed by Professor Jerold Grossman of OU. You can e-mail questions or comments to Sid Mittra at smittra@aonline.com.

## OCC work training program a state model



OCC's Advanced Technology Program is offering job training and support while Kelly Services of Troy is providing jobs in a program to help highly motivated Family Independence Agency recipients with dependent children.

Twelve Oakland County residents graduated from Michigan's only welfare-to-work program that offers a training component, in October ceremonies at Oakland Community College's Auburn Hills campus. OCC's Advanced Technology Program (ATP) brings together the training and

support of a community college and a corporate employer. Troy-based Kelly Services, to provide participants with a professional development program — and jobs.

The program seeks to break the cycle of poverty and welfare for its participants and their children by teaching

work skills that enable candidates to be successful in today's workforce.

The ATP program was spearheaded by state Rep. Hubert Price Jr., D-Pontiac. It was developed by Oakland Community College's Workforce Preparation Services; Greater Pontiac Area Consortium (GPAC); the Suburban Mobility Authority of Regional Transportation (SMART); Pontiac Area Urban League (PAUL); Family Independence Agency (FIA); and the Michigan Jobs Commission; together with the corporate sponsors: Kelly Services, Electronic Data Systems Inc. (EDS),

Fanuc Robotics and Deeco Technologies. OCC administers the ATP program.

"This program really makes an impact on its participants, their children and our community," said Price. "Our goal for the Advanced Technology Program is continued growth through government funding and corporate support and expansion throughout Michigan."

To qualify for the program, highly motivated candidates must be current Family Independence Agency (FIA)

Please see OCC, C3



Founder: Tamara Kappel has gone from secretary to ad agency owner in a few short years. This year her Birmingham firm is slated to make nearly \$2.7 million.

## At the top Kappel Advertising in fifth year of success

BY VIVIAN DEGAN  
STAFF WRITER

As success stories go, Tamara Kappel said it wasn't easy or for certain, but five years after landing on her own, she's feeling on solid ground.

Her agency, Birmingham-based Kappel Advertising Inc., formed in 1992, has grown to an estimated \$2.7 million in sales this year.

"My own style is to develop trust with my clients, let them know that I spend their money as carefully as I spend my own," Kappel said about tough negotiations with the broadcast media to obtain the best advertising value for her customers' price and placement of their ad.

Kappel, of Clarkston, also encourages her clients to do their homework about their customers.

"You can have the best, most clever ad ever written, but if no one hears or sees it, if it's played in front of the wrong audience, or hardly played at all, it's a waste of

money," Kappel said.

"The critical things businesses need to analyze before they advertise is, who is their target audience, what media does their target most watch, read or listen to, and when is the target audience most likely to be watching or listening?" she said.

She attributes her success to building relationships with her clients, knowing how to negotiate winning deals for them, and for her sheer determination to dig in during the tough times.

Following 10 years experience in the industry, she formed Kappel Advertising Inc. with her husband and business partner Leslie Kappel. The company has grown from a one-person home-office to a commercial suite, and will this November include five employees and a independent contractor.

"It's been a very rough road. We started out with nothing and kept branching out until we had five

See KAPPEL, C3

## Auto industry focus of Southfield conference

Will Korean manufacturers dominate the global automotive market in the year 2025? How can the Big Three car makers profit in the expanding markets of Latin America and Eastern Europe? What will the global marketplace be like for OEMs or suppliers?

These and other critical questions will be explored at the Global Automotive Industry Outlook Conference next month in Southfield.

All automotive industry professionals are invited to the two-day seminar Nov. 17 and 18 at the Radisson Plaza in the Southfield Town Center.

The conference is sponsored by the Center for Business Excellence of Oakland University's School of Business Administration and Standard & Poor's DRI automotive service.

It features economic and forecasting experts, coming from all over the globe, who will share their in-depth

analysis of economic and political assessments from the county to vehicle level." James Shapiro, director of the CBE, said. "The participants will receive the most accurate, up-to-date information available about the global automotive industry and take portfolio of information back to their organizations that can be integrated into their strategy, marketing and production plans."

See AUTO, C2

## Smith Barney hosts seminar on new tax laws

Smith Barney's Troy office will be hosting a public seminar on the new tax laws on Thursday, Nov. 6.

The seminar will be held at the Michigan State University Management Education Center located at 811 W. Square Lake Rd., Troy, beginning at 7 p.m.

Featured speakers include, Kirk D. Dodge, Senior Vice President of The American Funds Group, Julius H. Giarmarco, Attorney and Estate Planning Specialist from the law offices of Cor, Hodgman & Giarmarco and Cherie Sleyter, Senior Manager from the CPA firm of Perrin Fordree & Co. They will be covering the impact of the new tax

### TAX WEEK

laws on individual investors. To attend this seminar or for more information, contact Richard Powell at 248-740-7100 or 800-227-1931.

Smith Barney has designated the first week in November, National Tax Seminar Week. During that week, the firm will be hosting more than 200 investor seminars in 300 communities across the U. S. and disseminating educational information on the new tax laws.

This information will include the brochure, "Tax Payer Relief Act: 12

Strategies To Consider Now," as well as new Financial Planning Software that compares the Roth IRA to a traditional IRA.

According to Richard Powell, "In the past two months, we have received numerous inquiries from investors confused about the tax changes. We are hosting this tax seminar because we want to help investors fully understand the impact of the new tax laws."

Smith Barney's 10,600 Financial Consultants, located in 450 offices across the United States, service over 4.6 million client accounts representing more than \$500 billion in assets.

## Oakland development gets staffer

Denise Sedman has been named marketing coordinator for Oakland County Development and Planning.



The announcement was made by Marlye Vickers, supervisor of marketing and research. Prior to joining Oakland County, Sedman was a senior account manager with Hedge & Company, an advertising agency in Southfield specializing in automotive accounts. She has been involved in advertising and public relations field.

See SEDMAN, C2

This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary — including the towns of residency and employment and a photo, if desired, to: Business Milestones, c/o Business Editor, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.



Albright

Carol Albright, of Auburn Hills, has been named financial reporting supervisor at D'Arcy Masius Benton & Bowles Detroit. Albright, a graduate of Oakland University and a graduate student at OU, joined the firm in

1995 and will now be responsible for client budget reporting, internal financial budgets and financial analysis.



Cain

General Motors Truck Group in Pontiac has selected Laura Cain as communications manager. Cain will serve on the midsize trucks and van and

small trucks vehicle line executive teams and will manage all media relations activities for GM's Baltimore, Md., Moline, Ill., Shreveport, La., and Linden, N.J. truck assembly plants. She is a 1981 graduate of the University of Michigan.



Handley

Robert Handley of Northville was named controller at the National Human Resources Committee, Inc. in Farmington Hills recently. In his new position, he will maintain control over the

specializes in intellectual property law. In addition to his law degree, he holds a B.S. in electrical engineering from GMI. He worked for Cadillac for nine years and a

collection and deposit of funds from the accounts of the professional employer organizations' clients. He was previously director of finance at Arden Companies of Southfield.

Shannon Hunt of Royal Oak has joined the law firm of Howard & Howard in Bloomfield Hills. She specializes in commercial litigation. She recently graduated summa cum laude from the University of Detroit Law School and was a clerk to Michigan Supreme Court Justice James Brickley.

Myron L. Liner, of Farmington Hills, a Human Services Administration and Planning Consultant, has been named to the Adult Well-Being Services

Board of Directors. Liner, who held executive positions for United Way Community Services for over 20 years, is an instructor at the Wayne State University School of Social Work. Adult Well-Being is a private, not for profit corporation.



Preston

Grace & Wild, Inc., of Farmington Hills, a production and presentation-related service firm, has named Lillian Preston as project manager/administration. Preston, who received her bachelors degree in telecommunications from Michigan State University and masters in business administration from University of Michigan, will oversee the development of company-wide systems and track client projects from bid-

ding through completion.



Ratcliffe

Judith Ratcliffe of West Bloomfield has joined W.B. Doner & Company as vice president and management supervisor in the account services division. She will oversee brand

development and account management for Lowe's Home Improvement Warehouse, the country's second largest home improvement warehouse chain. She was previously with McKann-Erikson in San Francisco for eight years.

Karen Schneider, of Lake Orion, has joined W.B. Doner & Company as vice president, associate media director. Schnei-

See MILESTONES, C2