

MORE THAN MONEY



SID MITTRA, Ph.D.

Use creativity when you buy insurance

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

The place to start is a discussion of the basic framework of life insurance cost structure. Term life provides only basic life insurance coverage and does not have any savings component to it.

One's chances of dying in any given year increase significantly as one gets older. That's why the premiums are low at young ages, but they rise to astronomical levels when people get quite old.

For instance, a man in his early 50's might owe less than \$1,000 a year for a \$250,000 term policy. However for the same coverage the premium rises to over \$20,000 yearly for an 85-year-old.

It is therefore understandable that many people wish to pay level premiums for the rest of their lives.

This is done by switching to a whole life policy. For instance, for a 50-year-old a level whole-life policy for \$250,000 might cost \$7,700 a year, but this premium will not increase with age.

Incidentally, people who do not like either of these two alternatives still have a third choice.

But it is complicated, because it blends term and whole life to suit individual needs. Here's how it works.

Say you are a 53-year old male and wish to buy \$250,000 of coverage. You mix a \$100,000 whole life policy with a \$150,000 term life policy. On the whole-life part of the blend, you will pay a level premium for life.

That guarantee is possible because the premium is much higher than is really needed to cover you in the early years; the excess goes into a side fund that is used to pay for the death benefit later when your premiums skyrocket.

All this sounds good, but there is a catch.

Your total annual premium isn't guaranteed for life.

The more term life there is in the mix, the lower the annual premium in the earlier stages - and the greater the risk of premium escalation at a later stage.

So the term-whole life blend would be impractical without mixing with the third ingredient of dividends. Whole life policies typically pay annual dividends which can be used

Please 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@oakline.com.

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.

Kent Atchison of Grosse Pointe was named executive vice president, executive creative director at the Troy office of McCann-Erickson Detroit. Atchison comes to McCann-Erickson from Ogilvy & Mather in Detroit, where he was senior vice president and creative director

responsible for the Ford Corp. and customer service accounts.

Walt Bellono of Livonia was named vice president, information technology operations at Troy-based Kelly Services. Bellono is responsible for the development of process and coordination of production flow across all Kelly data centers.

John Casey of Waterford joined the Detroit office of Shandwick as vice president. Casey is responsible for managing Shandwick's growing practice with automotive

BUSINESS MILESTONES

Ellane Creed joined Troy-based Stone, August, Baker & Co. as director of business development. Creed's areas of expertise are in direct response, annual reports, trade shows, corporate identity programs and collateral pieces.

Dr. Betty Jean Hebel of Farmington Hills was appointed chair of graduate programs for the School of Business at Madonna University in

Livonia, where she works as an associate professor of management and marketing. Hebel is responsible for overseeing the graduate curriculum, which includes developing unique and innovative programs to meet the needs of graduate students now and in the future.

Patricia Kasab of Bloomfield Township was promoted from director of information systems to vice president, chief information officer at Warren-based Big Boy Restaurants, Inc. Kasab began her career with Big Boy in 1970 as a waitress

and dining room manager.

Jeremy Krol of Garden City was named controller at Farmington Hills-based Marx Layne & Co. Krol is responsible for the supervision of day-to-day accounting operations and office management.

David Lanni of Rochester Hills, Wei Le of Ypsilanti, Ibtisam Najor of Berkley, Dianne Peretto of Dearborn and Carrie Sisco of Taylor were promoted from staff accountants to senior staff accountants at Folmer, Rudzewicz & Co., P. C. in Southfield.

Judith Love of Bloomfield Township, senior vice president of Detroit-based Comerica

Bank, was selected as a member of Leadership Detroit XIX, a program of the Greater Detroit Chamber of Commerce. Love is one of 68 leaders named to this year's program.

John Marcozzi of Troy was named director of aftermarket business group for RECARO North America of Clawson. Marcozzi is responsible for coordinating sales, engineering and marketing activities and leading the effort to launch the company's new authorized RECARO dealer

Please see MILESTONES, C2

Whole Foods picks Merchant of Vino

Farmington Hills-based Merchant of Vino is changing ownership in December. Local stores will continue to operate.

BY ELEANOR HEALD
SPECIAL WRITER

Merchant of Vino announced Tuesday it had signed a definitive agreement for Texas-based Whole Foods Market to acquire the local gourmet food store chain in a stock merger.

"This is not a cash deal," said Edward Jonna, CEO of the Farmington Hills-based business, which operates four natural foods supermarkets and two specialty wine and gourmet food shops in Oakland County and one in Ann Arbor. "I have now become a company shareholder like anyone else. I have large debts to pay off and do not expect to see hard cash for two to three years."

To effectively purchase the Merchant of Vino stores, Whole Foods Market, which is based in Austin, Tex., will issue approximately 1.03 million shares of common stock (NASDAQ: WFMI).

The transaction is scheduled to close by the middle of December.

Whole Foods said it expects this acquisition to be neutral or to slightly improve earnings in fiscal year 1998 - improving even more in fiscal year 1999.

Whole Foods Market, founded in 1980 as the merger of two small Austin natural food stores, went public in

1992. The stock's average 30-day volume, according to Mary Ann Golin of the Birmingham office of Prudential Securities, is 370,280 shares with 24,221,000 shares outstanding.

A check of the stock indicates that its 52-week low was \$17.50 per share with a high in the same period of \$43.87. Whole Foods stock opened at 40 1/8 per share on Nov. 7.

Institutional holdings are 56 percent. Between June and the present, there has been active selling by insiders.

After the sale of an additional 1.03 million

Please see VINO, C3



STAFF PHOTO BY DONNA McLAUGHLIN

Wine expert: Jeff Turnas (above), manager of fine wine at the Birmingham Merchant of Vino's Cellar Collection store, will become the national wine buyer for Whole Foods.



Same service: Dan Thomas, manager of the Rochester Hills Merchant of Vino, said his customers can expect the same quality and service.

STAFF PHOTO BY JERRY ZOLNERT

Architect earns BBAA's volunteer award



Whitney

BY BOB SKLAR
MANAGING EDITOR

A senior architect at Albert Kahn Associates of Detroit has earned the Birmingham Bloomfield Art Association's Citrin Volunteer of Excellence Award.

The award, presented for the first time this year, cites "extraordinary efforts in advancing the goals of the BBAA and in continuing its

great traditions."

Stephen Q. Whitney of Birmingham is senior vice president in charge of health care services and architectural services at Albert Kahn Associates. He was a key player for the first two phases of the BBAA's building expansion. The 40-year-old regional arts center is now located in a former sewage treatment facility at 1516 S.

Cranbrook. This year marks the BBAA's 40th anniversary.

"Without his dedication and diligence during his six-year chairmanship of the Facilities Committee (1991 to 1997), the project would not have achieved its successful course," reads a proclamation presented by BBAA president Chris Parfitt of Birmingham. Parfitt, an attorney

Please see CITRIN, C2

Southfield auto conference to study global market

AUTO INDUSTRY

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 country to vehicle level," says Dr. James B. Schiro, director of the Center for Business Excellence. "The participants will receive the most accurate, up-to-date information available

about the global automotive industry and take portfolios of information back to their organizations that can be integrated into their strategy, marketing and production plans."

The time and place are ideal for the Global Automotive Industry Outlook Conference, sponsored in part by the Center for Business Excellence, said Dr. John C. Gardner, dean of the School of Business Administration. "Oakland University is fast becoming the automotive school for the Big Three automakers. Our renowned faculty exchange cutting-edge knowledge with

Please see AUTO, C3

Sign up starting for safety forum

Safety, health and security experts will provide information at the sixth annual safety conference for southeast Michigan on Tuesday, Nov. 25 in Troy.

The Safety Council for Southeast Michigan, a Chapter of the National Safety Council, will hold an annual safety conference at the Northfield Hilton, 5500 Crooks Road at I-75, from 7:30 a.m. to 4 p.m. The conference will feature safety and health professionals and experts who present information about workplace safety, home safety and traffic safety. Attendees will be able to witness a regular meeting of the MIOSHA General Industry Standards Commission.

The exhibits area will open at 8 a.m. to allow attendees to visit 60 exhibition booths with state-of-the-

Please see SAFETY, C2