

MORE THAN MONEY



SID MITTRA, Ph.D.

Avoid end of year mutual fund errors

People often ask: "What's the worst mistake you can make investing in mutual funds?" The answer is: Giving Uncle Sam a hand-out which he does not deserve.

Here is what I mean. Federal law says that a fund that has taken a profit on some investment must, by the end of the year, pass virtually all of the gains on to you in cash or new shares of the fund, whichever you prefer. That may sound good, but it's not. Why? Because the distributions are taxable.

To see how the problem surfaces, let's take ABC Fund and two hypothetical investors, Mr. Hurry and Ms. Layback.

On Sept. 28, 1995, Mr. Hurry put \$5,000 into this fund. Since its net asset value (NAV) per share was \$21.38, that bought him 234 shares. The next day, ABC declared \$5.56 per share in distributions. On Mr. Hurry's 234 shares, that added up to about \$1,300. ABC's NAV per share accordingly fell by \$5.56 from \$21.38 to \$15.83. Mr. Hurry had signed up to reinvest his distributions, so he received 82 new shares.

The result? Mr. Hurry owned 316 shares, still worth \$5,000. But Uncle Sam says every penny of Mr. Hurry's \$1,300 in distributions is taxable. At the 28 percent federal tax rate, Mr. Hurry would have to lose \$364 to the IRS.

Now look at Ms. Layback. She knew to ask ABC if a distribution was coming and thus bought ABC on September 29, after the gains were paid out. For her \$5,000, Ms. Layback got 316 shares, the same as Mr. Hurry ended up with - but her tax liability was zero.

What a difference a day makes! By buying one day too soon, Mr. Hurry handed an appalling 7.3 percent of his investment over to the IRS.

All of this sounds terrible, but things get even more hairy in the real world. For instance, what if the price of your mutual fund goes up while you are waiting for it to distribute dividends? In that case, the tax benefits may be wiped out by the price increase.

Regardless of what you decide, here are several ways that you can keep the mutual fund taxes down.

Most investors use average-cost accounting, but if you're selling only part of your fund position, specific identification can do a lot, particularly

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Sid Mittra, Ph.D., CFP, is professor emeritus of finance, at Oakland University, and owner of Mittra, Finnegan & 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@oconline.com.

WB firm puts heart into documentary

BY NICOLE STAFFORD  
STAFF WRITER

Small business owners Bill Harder and Fran Victor say their latest business conquest - being hired to create a documentary for the Salvation Army for national broadcast - "was just meant to be."

But as they unfold their story - a small video production company with a skeletal staff rising from the ranks of southeast Michigan's competitive video production market to snatch the project - it becomes clear business sense, not divine providence, was at play.

Their video production company, Victor-Harder Productions, was formed in 1990. With a background in photography, Harder serves as director of photography and business manager. Victor, who worked as a producer for Detroit's WXYZ-TV, is the company's writer, director and producer.

"Most projects like this don't go to a small production company," Victor said.

However, Harder and Victor had already produced a documentary for The Salvation Army's southeast Michigan chapter. And the film, entitled Food For the Soul, won a National Telly Award.

"Having had a lot of experience with non-profit and knowledge about The Salvation Army from the previous project, we decided that this would be a good partnership," Victor said.

"I think it was a unique chemistry that happened," she said of their initial meeting with The Salvation Army's national public relations firm and community relations director.

But, in retrospect, it was their familiarity with the workings of the non-profit group that enabled such a positive meeting to take place, she said.

Featuring narrators Gen. Colin Powell and Joan Lunden, of Good Morning America, the national documentary turns on a series of human success stories issued from aid provided by The Salvation Army.

"Many people know about The Salvation Army through its kettle drives



STAFF PHOTO BY LAWRENCE R. MCKEE

Film makers: Bill Harder and Fran Victor of Victor-Harder Productions in West Bloomfield spent more than 10 months on a documentary of The Salvation Army.

and stores," Victor said. "This is a story about how individuals are helped by The Salvation Army. How it really turns people's lives around."

The 10-month project, which took the film producers on a tour of some of the nation's most poverty-stricken communities, found fruition Dec. 30 when the film, Need Knows No Season, aired nationally on The Family Channel.

Funded by Northwest Airlines, Frito-Lay, Caterpillar and the Byers Foundation, the documentary is by no means Harder-Victor Productions' only business achievement.

They produced a video for the State Bar of Michigan entitled Listen to the Children, an educational film that is used throughout the country to assist parents in teaching kids about divorce. In fact, couples seeking divorce in Alaska are legally required to view the film before being granted their divorce.

Harder and Victor also received a prestigious educational media award for their documentary about dating violence among teens.

With a long list of big and small clients, the business duo crafts a variety of film products, including com-

mercial, industrial and training videos.

Plain availability helped the small business owners win one of their biggest contracts - providing video press releases for the University of Michigan Medical Center. Harder and Victor, unlike most local video production firms, own, rather than rent their equipment, so are available to take footage at the medical center at a moment's notice, Victor said.

Another business lesson - payoff for the willingness to take a risk - is por-

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Operation ABLE offers new Internet class

Southfield-based Operation ABLE of Michigan will offer several classes this winter and spring to help adult learners and midcareer job seekers acquire the skills that are needed in today's world of work and fine-tune their career development plans.

For people who need help using the Internet as a job search and career transition tool, Operation ABLE is offering a hands-on course designed to introduce the basic terminology and

start-up procedures for using the Internet.

Students will examine web sites that can be helpful for finding job leads, researching companies, and gaining career-related information. They will also learn how to prepare resumes for e-mailing via the Internet.

This popular all-day session started in ABLE's computer learning center in Southfield on Jan. 9, and continues Feb. 6, March 6, and April 3 and on

Feb. 20 and April 24 at its Detroit office in the Hannah House.

Other Internet classes include "Using the Internet in Fund Raising" on Jan. 23 and "Human Resource Applications on the Internet" on March 20.

ABLE's series of career development workshops include "Resumes for Mid-Career Transition" (Jan. 24, Feb. 25, March 31, and April 25), a self-assess-

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Troy-based Kelly Services founder dead at age 92

William Russell Kelly, chairman of Kelly Services Inc., and founder of the modern temporary help industry, died Saturday, Jan. 3 at his home in Ft. Lauderdale, Fla. He was 92. The cause of death was cancer.

"Russ will be remembered as he would have wished, as a pioneer and business innovator," said his son, Terence E. Adderley, president and chief executive officer of Kelly Services. "My family and I will remember him with great fondness. We will miss him very much."

In 1946, anticipating a post-World War II business and industrial boom,

KELLY

he moved to Detroit and founded the Russell Kelly Office Service. This was a service bureau which processed other business's overflow paperwork on his premises with his employees.

In late 1946, as an accommodation to customers, he began sending his employees out to Detroit-area offices, to fill in for vacationing or sick employees, and to supplement regular staff during short-term peak workloads. What began as a favor to customers soon became a successful new business

concept.

In his company's early years, when nearly all temporary employees were female secretaries, bookkeepers or office assistants, employees identified themselves proudly as "Kelly Girls." "Kelly Girl" soon became a trademark recognized around the world, and Mr. Kelly began to set the standards for a new industry. Temporary secretaries and clerks at Kelly Services have since been joined by a wide array of professional and technical men and women.

Today, Kelly Services is a Fortune 500 and Forbes 500 company which

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Shuptrine gives large donation to Children's Hospital

Scott Shuptrine Fine Furniture in Troy recently donated more than \$6,000 to Children's Hospital of Michigan after its annual fall fund raiser.

Shuptrine vice president David VanElslander presented a check for \$6,075 to Dr. William Lyman, director of the children's research center at Children's Hospital.

"My family has been blessed with so many wonderful things," he said.

"Giving for us is one of life's rewards, especially when children are the recipients," VanElslander added.

Scott Shuptrine has donated more than \$14,000 to Children's Hospital in 1997.

Founded in 1927, the company has stores in Troy and Novi.

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, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (248) 644-1314.

Tim Blett has been appointed to the newly created position of president of Doner Automotive at the Southfield-based public relations company. He will oversee and direct account service operations of the agency's new Mazda business throughout North America. He has been at Doner for 12 years.

William Dollard of Grosse Pointe has joined the Cran-

brook Schools' offices of development and alumni relations in Bloomfield Hills recently. He will oversee annual and planned giving as well as alumni events and activities. He was previously director of major gifts at the Detroit Symphony Orchestra.

Jennifer Flowers of Oak Park has been hired as an assistant account executive at John Bailey and Associates, Inc. in Troy. She was previously a public relations coordinator at Boszell Worldwide in Southfield.

Nick Ghousseini of Bad Soden, Germany has been appointed president of the

BUSINESS MILESTONES

Keiper Car Seating Division at Lear Corporation in Southfield. Lear acquired the division, which produces seats on a just-in-time basis for markets in Germany, Brazil, Italy and South America in May of 1997. He joined Lear in 1995.

John Kamins of Bloomfield Hills has been elected to the executive committee of the National Board of Trustees of the Leukemia Society of America. A

partner in Detroit-based law firm of Honigman Miller Schwartz and Cohn, he is also chairman of the society's legal affairs committee.

Robert Pepper of Clarkston has been named assistant general manager of assembly at Webasto Sun-roofs in Rochester Hills. He will manage Webasto's production quality and maintenance for assembly plants and oversee budgets. Pepper previously held similar positions at Tecton Automotive and Chrysler Corporation.

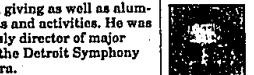
Bohdan Pichurko of Troy has joined the staff of Providence Hospital and medical Centers in southfield as chief of pulmonary medicine and strategic director of critical care. He will lead the clinical and academic activities of the pulmonary medicine section and practice general pulmonary medicine. He was previously chief of pulmonary medicine and critical care at Sinai Hospital.

Marcela Scavarda of Grosse Pointe has been named the new associate director of Cranbrook Schools' offices of development and alumni relations in Bloomfield Hills recently.

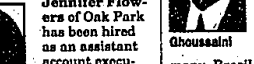
She will be responsible for major gift and capital fund raising. She was previously grants manager for the National Board of Professional Teaching Standards.

Karon Schrock of Southfield has been appointed executive director of Adult Well-Being Services based in Detroit, effective Jan. 1.

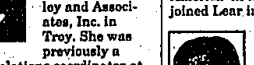
She will be responsible for furthering the agency's mission of service to older adults and persons with developmental disabilities. She was previously chief of the Center for Substance Abuse Services at the Michigan Department of Community Health.



Flowers



Ghousseini



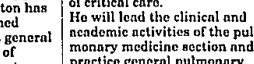
Kamins



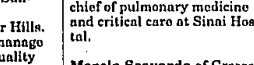
Pichurko



Pepper



Scavarda



Schrock