

MORE THAN MONEY



SID MITTRA, PH.D.

Some tax-free withdrawals from Roth IRA

Editor's note: This is the fourth article in a five-part series on retirement planning.

An improved version of the nondeductible IRA called the Roth IRA is now available. Contributions to this new backloaded IRA will not be deductible.

However, you will have the ability to withdraw funds completely tax-free under certain conditions. Previously, investment earnings could build up tax-free in a non-deductible IRA but were subject to taxes at the time of withdrawal.

Tax-free withdrawals generally are not allowed within the five-taxable year period beginning with the first taxable year for which a contribution was made. Funds may be distributed from the Roth IRA tax-free:

- On or after the individual attains age 59½.

- To a beneficiary (or the estate of the individual) after the death of the individual.

- On account of the individual's being disabled; or

- For a qualified special purpose.

A qualified special purpose is the payment of up to \$10,000 in acquisition costs for a principal residence of a first-time homebuyer who is the taxpayer, his or her spouse, or any child, grandchild, or ancestor of the taxpayer or the taxpayer's spouse.

The most that can be contributed annually to a Roth IRA is the lesser of \$2,000 or your compensation. This limit is further reduced by any contributions made to other IRAs maintained for your benefit. Of course, SEP-IRA is not affected by this limitation because the contribution is entirely made by an employer. On the plus side: Contributions to a Roth IRA may be made even after you have reached age 70½. And the tax law's minimum distribution rules applicable to IRA owners over age 70½ aren't applicable to Roth IRAs.

The contribution of higher-income individuals is subject to phase-out. The phaseout range for joint filers begins with AGI over \$150,000 and extends to \$160,000. For others, the range starts once AGI exceeds \$95,000, with full phase-out at \$110,000.

General provisions

While present law permits individuals to make nondeductible contribu-

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Sid Mittra, Ph.D., CFP, is professor emeritus of finance at Oakland University. He is also 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 smittro@oconline.com.

MBM leaps from garage to new offices

By PAT MURPHY
STAFF WRITER

When Rick Tessmer started his business in 1985, his pride and joy was a state-of-the-art Burroughs L-9000 computer, weighing about 600 pounds.

"It was about the size of this desk," he said. "Nothing else would fit in my garage."

The irony of a single computer taking so much space is not forgotten this month as Tessmer's company — Modern Business Machines (MBM) — settles into its new headquarters in the Robbins Executive Park East in Troy.

■ "That L-9000 will always have a place in my heart."

— Rick Tessmer
Modern Business Machines

The building has 15,000 square feet — almost triple the area available at the old headquarters on Wendland in Troy, near the intersection of Rochester and I-75.

Inside the spacious building are hundreds of computers, copiers, laser printers and assorted business machines that MBM sells, rents or services to customers in metro Detroit and as far away as Grand Rapids, Flint and Toledo.

Not surprising, the computers in which MBM specializes provide a sharp contrast to the Burroughs L-9000.

"Lap top computers (weighting less than 10 pounds) are faster and more powerful," said Tessmer.

"But that L-9000 will always have a place in my heart," he said.

Tessmer had always wanted his own business, even though going out on his own meant long hours and considerable risk.

He was newly aware of statistics showing 60 to 80 percent of all new businesses fail within five years.

MBM never really came close to failure, said Tessmer, although there were some anxious years.

"I breathed my first real sigh of



STAFF PHOTO BY PAT MURPHY

Entrepreneur: Rick Tessmer of Oakland Township has taken his business machine leasing, repairing and retailing business from his garage to a new headquarters in Troy that can better \$5 million in annual sales. He now has 13 employees to serve companies in metro Detroit and around the state.

relief in 1988," he said, referring to the year sales approached \$1 million annually, and MBM moved from Southfield to Troy — with 13 full time employees.

This year, as MBM prepares for an open house to commemorate its 13th year, the company has 51 employees and annual sales surpassing \$5 million.

The key to continued success, Tessmer insisted, is service. "Customers have needs," he said, "and we bend over backwards to take care of them."



Who: Rick Tessmer, 51, resident of Oakland Township and president of Modern Business Machines, 375 Robbins, Troy.

Education: Graduated in 1965 from Cousino High School in Warren. Attended numerous seminars and training sessions on computers and business machines.

Hobbies: Snowmobiling, bowling and two "fun" cars, a 1930 Ford Roaster and a 1995 Chrysler Viper.

Seminars planned for new business ideas

Two seminars are being offered in March 1998 to assist small business owners with start-up procedures.

The seminars are being presented by the Oakland County Region Small Business Development Center and the Oakland County Development & Planning Division.

The classes will be held at the Oakland County office complex on Telegraph in Pontiac.

"How to Start a Business" is a seminar for anyone thinking about going into business.

Participants test their entrepreneurial skill, learn how to implement their ideas and receive a list of pitfalls to avoid when starting a business.

Also included is a publication, "Starting a Business in Oakland County." The class runs from 9 a.m. to 11:30 a.m. March 4. The fee is \$20.

"How to Write a Business Plan" is a seminar for small business owners who are developing a plan that will serve as their road map to success.

Participants are guided through the steps on how to prepare a business

plan and are given resources to help them complete the plan.

The class runs from 9 a.m. to 11:30 a.m. March 18. The fee is \$35.

To register for either class, contact the Small Business Development Center at (248) 204-4053.

Reservations are required and space is limited.

Oakland County Development & Planning offers a comprehensive array of community planning and business development services.

Troy's Entertainment Publications expands services

Troy-based Entertainment Publications, Inc. announced last week that it is expanding its services to offer customized marketing support programs for nationally and internationally based business organizations.

"With our access to the global resources of the new Candent Corporation, we are uniquely positioned now to provide corporations with innovative and significant ways to strengthen their business," said Shaun Doherty, Entertainment Publications, Inc. Senior Vice President, Partnership Marketing Division.

PUBLISHING

Entertainment Publications, a travel and entertainment discount provider, is now part of Candent, which was created in December 1997 in a \$14 billion merger of CUC International Inc. and HPS Inc.

It is the world's largest consumer and business services company, based on market capitalization, operating in three main areas: membership services, travel, real estate and a smaller area of consumer software.

"Through this new alliance, we offer the broadest, most diversified marketing reach of any company in the world," said Doherty. "We intend to leverage these resources to create custom-tailored programs at the local, regional and national level designed to generate loyal and frequent customers for our clients."

"In short, we want to be providers of solutions for our business partners and help them design value-added marketing programs that will bring their customers back again and again," he added.

'98 recession chances low, Comerica says

The Recession Watch Index compiled by Comerica Bank, which forecasts the likelihood of a national recession occurring within the next 12 months, registered a 28 percent probability in January, a five-point increase from December.

The index is predicting the seven-year-old economic expansion will continue through 1998.

"The national economy continues to show unprecedented stability, with no end in sight," said Comerica economist William T. Wilson, Ph.D.

The index last predicted a recession in July 1989, and a recession followed in 1990-91.

Comerica's Recession Watch index is designed to forecast an economic slowdown or recession well in advance, using a weighted average of three leading indicators: spread in the yield curve, adjusted bank reserve growth, and the Commerce Department's Index of Leading Indicators.

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.

Sheila Diederich of Bloomfield Hills has joined the BIG Idea magazine based in Ferndale as an advertising account manager. She came from HOUR Detroit magazine and, prior to that, for the Observer and Eccentric newspapers in Birmingham.

Jerry Hanseum of Southfield has joined the law firm of Warner Norcross & Judd in Southfield as a partner. He will prac-

tice in the areas of international business transactions and corporate and tax law. Also a CPA, he was previously a tax partner in the Detroit office of Coopers and Lybrand before his recent retirement.

Anthony Hardt, Jr. of Huntington Woods recently joined the law firm of Dykema Gossett in an of counsel capacity. A member of the firm's tax and estates practice group in Bloomfield Hills, he concentrates his practice in tax planning, estate planning and partnerships.

Sarah Ley of Royal Oak has been named public relations manager for the Berline Group in Bloomfield Hills. She will develop campaigns for the agencies and its clients. She previously worked for the Detroit Auto Dealers Association.

BUSINESS MILESTONES

Denise Mazetti of Rochester will be representing the BIG Idea magazine based in Ferndale in addition to her representation of Florist magazine, a trade magazine for FTD florists. She was previously a regional sales manager for Metropolitan Woman magazine.

Mark Nowels, a White Lake resident known professionally as Vogue, has been promoted to vice president of creative services at Hermannoff & Associates in Farmington Hills. He will oversee the agency's creative division as well as developing new business initiatives.

Jane Kay Nugent of Grosse Pointe Farms has been appointed to the board of trustees for

Leader Dogs for the Blind in Rochester. She is a retired vice president of Detroit Edison and has been actively involved in many area charities.

Bill Osborn of Canton has been named director of marketing for Michigan Manufacturing Services at BDO Seidman in Southfield. He will be responsible for the marketing of tax, audit and technology services to the state's manufacturing businesses.

Rhonda Rahn of Novi has been named vice president of operations for StaffPro Inc. with sever-

al Oakland County locations. She will be responsible for managing company operations including the development of new branch offices and divisions.

Edward Shehab of Bloomfield Hills has been promoted to senior vice president of finance and commercial loan administration at Franklin Bank in Southfield. He was a vice president for the past seven years. He joined the bank 12 years ago.

Martin Schaus of Birmingham has been named senior vice president and creative director at W.B. Doner & Company in Southfield. He will supervise the agency's Canadian Tire account and several other projects. He joined Doner in 1988 as a senior art

director.

Brenda Strickland of Farmington Hills has been promoted to benefits coordinator at HDS Services, a Farmington Hills-based food service and hospitality management company. She previously worked in the general services department since joining HDS in 1995.

Stuart Sherman has joined Jacob & Whergarten as a shareholder where he will head the firm's estate planning practice. He was previously a shareholder with Horowitz-Sherman.

Lee Ann Welsh of Westland has joined FANUC Robotics of North America as a marketing analyst in public relations. In this position she is responsible for implementing the company's marketing communications activities on behalf of the firm's automotive clients.