

MORE THAN MONEY



SID MITRA, PH.D.

Watch timing, pay off debts to reduce tax

Editor's note: This is the second article in an eight-part series on tax planning.

Last week we discussed several tax reduction strategies. Additional tax strategies are discussed in today's column.

Tax deductible interest

An interesting tax planning idea is to completely pay off all outstanding consumer loans. Money for paying off the consumer debt can be raised in several ways, each of which constitutes an important tax planning idea. Here is a partial list of tax-wise borrowing methods:

1. You can take out a home equity loan. Interest on this loan may be fully tax-deductible.

2. If you have accumulated cash value in a life insurance policy, it may typically be borrowed at 5 to 8 percent interest. The interest cost on this loan would be much lower than the cost of a conventional consumer loan.

3. If circumstances permit, you can sell an investment and use the proceeds to pay off a consumer debt. Later, you could borrow to make a similar investment. Interest on the second loan can be fully deducted against investment income.

Prepayment strategy

When your itemized deductions are close to the standard deductions, prepaying certain expenses cannot only lower overall tax liability, but it can also be useful if the tax rates were to decrease in the future.

Some deductible items can be prepaid such as charitable contributions, miscellaneous items, property taxes and so on. This will allow you to claim an amount greater than the standard deduction in the current year and will minimize current tax liability.

Of course, if appropriate, in the following year the standard deduction can be used to minimize the tax burden.

Marriage penalty

Tax rates are structured in a way that makes two single people with similar incomes usually pay more tax after marriage than they would have paid as singles. This is known as the marriage penalty.

When both taxpayers earn about the same, they might save money by postponing marriage until the following tax year.

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Top women business owners honored



Local businesswomen Sandra Hermannoff, Tamara Kappel and Mary E. Klinc-Cueter will be recognized by the National Association of Women Business Owners' greater Detroit chapter at a luncheon this week.

The National Association of Women Business Owners Greater Detroit Chapter will honor three local business leaders at the Michigan's Top 10 Women Business Owners annual awards luncheon on Friday, March 20.

The event begins at 11:15 a.m. at the Northfield Hilton in Troy.

Networking will be followed by a noon

luncheon, program and panel discussion. The discussion will be moderated by former WFLY-Channel 4 business editor, Jennifer Moore, of Konrad & Moore Inc. in Detroit.

Local honorees are:

• Sandra M. Hermannoff, CEO and president of Hermannoff & Associates, located in Farmington Hills and Detroit,

is recognized for her development and execution of innovative and successful creative strategies.

Her company, Hermannoff & Associates is widely known as one of the fastest growing public relations firms in Michigan. She has extensive PR experience with radio and television, corporate, retail, government, real estate and financial institutions; fund-raising and political campaigns and employee communications programs.

In 1994 Hermannoff was named a member of the College of Fellows, the highest honor in the Public Relations

Society of America. She received the Athena Award in May 1996 and is listed in Who's Who of American Women and Who's Who of Women Executives.

• Tamara A. Kappel, Kappel Advertising, Inc. founded her company in 1992 out of her home in Monroe after 10 years of experience with J. Walter Thompson, Campbell-Ewald and Yaffo & Co.

Kappel followed her clients to Oakland County and established her headquarters in Birmingham. Her original strategy has not changed and her approaches to management and marketing have got-

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Helping hand

LTU worker introduces others to computers

Marquita Poinsetta, a computer support specialist at Lawrence Technological University is taking what she has learned in her career and sharing it with others who might otherwise become "have nots" in the computerized future.

She had professionally evolved from a secretary to an administrator at the area headquarters of IBM in Southfield. But when Big Blue downsized in the 90s, she and her husband, Russell, found themselves out with 40 years between the two of them invested in the computer giant.

"At first, it was almost cultural shock," Poinsetta said. "Then we took the mindset that it wasn't a bad thing. It was a chance to start over. We were getting a second chance to do what we really wanted to do."

After leaving IBM in 1994, Poinsetta, who had been attending Lawrence Tech's evening program in computer science, found work at the LTU. During the day she can be seen dashing from office to office troubleshooting computer glitches and answering questions from administrators to sec-

retaries.

Her husband also returned to college, got a teaching certificate, and teaches science and math at Hampton Elementary School in Detroit.

"We had been given so much we wanted to give back," she said.

Just prior to leaving IBM, Poinsetta got involved with volunteering computer support for the Detroit Catholic Pastoral Alliance. A year later, Fr. Thomas, the pastor of Sacred Heart Catholic Church, got her interested in possibly teaching some computer classes to the congregation. The goal was to acquaint and train members with the computer so they could feel confident enough around a computer to seek work or new jobs.

"I was expecting maybe 10, 15 people," she said with a chuckle. "After he announced it in Mass, we got 56 people wanting to learn computer. They ranged from 5 to 85-year-old and were from all walks of life."

With just one computer ready, Poinsetta quickly found herself in a predicament. Her cause was helped with a donation of some computers



Teacher: Marquita Poinsetta of Lawrence Tech University volunteers her time to teach others about computers.

from the Detroit Medical Center.

"There was a lot of scrounging around for parts, cables ribbons and old software that would run on them," she said.

Every Saturday, from noon to 4 p.m., Poinsetta takes on the students in one hour sessions. Her instruction takes students through a physical

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Harmony House opens new store in Troy

Troy-based Harmony House opened a new 6,000 square-foot store on Rochester Road to replace the store it closed in Oakland Mall late last year.

The new store, which features 5,000 square-feet of music covering nearly 60,000 titles, recently opened at the location between Big Beaver and Wadsworth.

"Our new Troy store will be tailored to the tastes and buying habits of the store's customers," harmony House

president Bill Thom said. "We monitor our sales reports very closely. Each community we serve is slightly different, so we make certain that our stores are suited to each community's buying habits. We're not a 'cookie-cutter' chain."

Thom said the new store will continue in Harmony's House's philosophy of just music.

"If we wanted to do video sales, we might have to take out \$60,000 in

music," he said. "That would dilute our music selection, so we don't do that."

The Oakland Mall store was in operation for 18 years.

"We'll miss our Oakland Mall store," Thom said. "However, we're now able to provide our loyal customers with even more selection, even more service and do it without the hassles that mall parking and traffic cause."

Harmony House has 38 stores in Michigan and Toledo.

Finalists selected for fourth Franklin awards

Judges for the fourth annual Franklin Award, sponsored by Southfield-based Franklin Bank, have selected the nine finalists for this year's competition.

The Franklin Award is Michigan's only award that exclusively honors the State's outstanding family owned businesses.

Finalists are chosen in three categories based on number of employees.

Finalists in category one (up to 25 employees) are Artspack Services, Inc. of Farmington Hills, Aluminum Supply Company, Inc. of Detroit and Shelving, Inc. of Auburn Hills.

Category two (26-150 employees) finalists are Dee Cramer, Inc. of Flint,

Fernco, Inc. of Davison and Huron Automatic Screw Company of Port Huron.

Flexible Products Co. of Auburn Hills, Mexican Industries of Detroit and INRECON of Birmingham round out the competition as finalists in category three (more than 150 employees).

All the finalists have been notified. However, whether they are bronze, silver or gold winners is kept secret until the awards banquet on Thursday, March 26.

"Once again, our judges had a stellar pool of high quality applicants to select from," said Franklin Bank (Nasdaq: FSVB) SVP Rebecca Christian.

"The finalists are an excellent, diverse representation of successful companies, including manufacturers, distributors, fine art services, disaster recovery and include women and minority owned firms," Christian continued. Christian also added that word about the "Franklin" award is spreading geographically, drawing more finalists from outside just the metropolitan Detroit area.

The March 26 banquet is at the Westin (formerly Radisson Plaza) Hotel in Southfield and includes a welcoming cocktail reception sponsored by Plante & Moran beginning at 6 p.m.

Admission to the awards banquet is \$100. Call (248) 368-6462.

Engler to tour Caliber in Southfield

Gov. John Engler will be accompanying Douglas Becker, co-CEO of Sylvan Learning Systems, Inc. and Caliber Learning Network in Southfield, for a tour of Caliber's new style of distance learning March 17.

Caliber is a joint venture between Sylvan Learning Systems and MCI Technologies to integrate satellite delivery of information with networked PCs, interactive instruction, internet access and video conferencing. The technology allows businesses to create custom classes, conferences and meeting based on their own particular needs.

As of February 1998, caliber has 45 centers open in the United States and Canada. The Detroit center is located in Southfield in the First Center Office Plaza.

In addition to Engler's tour, the company is sponsoring an open house March 31.

BUSINESS MILESTONES

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.

Robert Bloom of West Bloomfield has been named chief of pedology for the Detroit Medical Center's Northwest Region. Bloom, a doctor specializing in hematology, will coordinate services for Grace Hospital, Sinai Hospital and the DMC Health Care Centers.

Douglas Chalson of Clarkston has been named a vice president at Franklin Bank in Southfield. He is the manager of the Items

Processing Department. He joined the bank in 1996 after leaving Comerica, where he spent 39 years.

Linda Comps of Waterford has been promoted to vice president at Franklin Bank in Southfield. She is Employee Services Director and oversees all aspects of human resources and new quality functions. She joined the bank in 1985 as a customer service representative.

R. Michael Czarnota of Royal Oak has been promoted to tax associate at Plante & Moran in Bloomfield Hills. He has been a member of the tax staff since joining the company in 1995. He specializes in tax issues for financial institutions, manufacturers and the construction industry.

Lisa Drummond of Royal Oak has been promoted to an

account executive for Group D'Arcy, the D'Arcy Masius Benton & Bowles agency, based in Southfield, diversified business group. She was previously an account coordinator and a traffic coordinator on various accounts at the agency.

Brian Durocher of Troy has been promoted to a vice president and account director of the Ryder TRS account at the D'Arcy Masius Benton & Bowles agency, based in Southfield. He has been with the agency for eight years.

Michelle Falardeau of Royal Oak has been named an account executive in BBDO Detroit's car group division in Southfield. She will help develop and main-

tain the Dodge Stratus and Intrepid nameplates and will assist account supervisors on strategic and tactical projects. She is previously worked for MAIS Advertising.

Amy Kahn Gates of Birmingham has been named a senior account executive in BBDO Detroit's truck group division in Southfield. She will work in all aspects of Dodge Durango and Dodge brand activities, including situation analysis and strategy development and the oversight of integrated marketing efforts.

Colleen Hanley of White Lake has been named an account supervisor at Caponigro Public Relations, Inc. in Southfield.

She previously worked as senior marketing communication manager for EDS, focusing on directing marketing communications, promotions and reputation management activities for EDS/General Motors brand.

Richard Heathfield of Birmingham has been named vice president of commercial lending and business development at Franklin Bank in Southfield. He joined Franklin in 1996 after 10 years with NBD.

Arthur Homann has joined Sterling Bank and Trust, based in Southfield, as chief financial officer. He previously spent 20 years with Comerica Bank in Detroit where he was senior vice president and corporate controller.

Lloyd Jones III of Bloomfield Hills has been named president of Noble International in Bloom-

field Hills. He was previously executive vice president at A.G. Simpson.

Christine Kaye of Troy has been named an account coordinator at Caponigro Public Relations in Southfield. She previously worked for the Cable Group, EDS and the Palace.

Joe Krolewski of Dexter has been named management information systems director at INRECON, a disaster reconstruction company, headquartered in Birmingham. He is responsible for the company's long term technology planning, systems implementation and network management.

Michael Kubinski of Oxford has been named to the board of directors of the Oxford Bank Corporation. He fills the vacan-

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