

MORE THAN MONEY



Sid MITTRA, Ph.D.

Save on your income tax by deferring

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

In this column we will briefly mention a potpourri of tax-saving ideas, touching on income, deferral and acceleration, which were not discussed in the previous columns.

The deferral of income from the current year to the following year will defer payment of income tax until April of next year. Deferral of income may be accomplished by the following:

- The timely negotiation of bonus or salary payment into the subsequent calendar year.

- Accelerating the payment of business expenses, or delaying the mailing of bills or invoices, thus forestalling the collection of income.

- Investment in Treasury bills short-term certificates of deposit or similar investments where income will not be recognized until the following year.

- Delaying retirement benefit payouts (in some cases including lump-sum distributions) until the following year or later.

- Investment in U.S. Government Series EE savings bonds, since interest is subject to Federal tax when the bond matures or is redeemed.

- Deferring the exercise of stock options that result in the recognition of income as well as the sale of ordinary or capital gain assets.

Conversely, sometimes you may want to accelerate income into the current year. This may be accomplished by taking specific actions, like accelerating bonus payments and investing in obligations, which bear interest daily.

Itemized deductions

The optimal year in which to reflect an itemized deduction is the year in which you reap the maximum tax benefit from that deduction. The payment in the current year or deferral of payments to the following year of certain deductions can minimize the overall tax liability.

It should be noted, however, that if the Alternative Minimum Tax applies in the current year, accelerating the payment of itemized deductions might result in little or no tax benefit.

Bunching deductions for the current year should be considered if total itemized deductions are at or above the standard deduction amount. Acceleration of itemized deductions for taxpayers with adjusted gross income in

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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@oeonline.com.

Four local leaders get honors from JA

Junior Achievement of Southeastern Michigan will honor four local laureates at its Business Hall of Fame Ceremony on April 16.

The 1998 honorees are: William Pulte, whose business is based in Bloomfield Hills; Troy Ford owner Irma Elder; Farmington-Hills' Computware founder Peter Karmanos, Jr.; and Philip Caldwell, former CEO of Ford Motors.

Farmington-based Weight Watchers Group founder Florine Mark, a 1997 laureate, will also be recognized this year since a family tragedy kept her from attending the 1998 ceremony.

William Pulte began as a self-employed builder in 1950 at the age of 18. He started his custom-home building business in 1956 and just 14 years later, Pulte Home Corporation went public.

Pulte, based in the Birmingham-Bloomfield Hills area with approximately \$2.3 billion in revenues, became the largest residential builder in the United States in 1996 according to Builder and Professional Builder magazines.

Pulte Home Corporation is now building custom homes in 25 states as well as Mexico and Puerto Rico.

Irma Elder, owner of three Michigan car dealerships, is considered one of today's most dynamic businesswomen. After raising three children, Elder took over Troy Ford following her husband's death in 1983.



Irma Elder



Peter Karmanos Jr.



Florine Mark



William Pulte

She has since become the owner of Jaguar-Saab and Aston Martin Lagonda of Troy and Signature Lincoln-Mercury Jeep Eagle of Owosso. Besides her successful business, Elder also works with 25 boards of directors throughout the state and was named Michigan Women's Foundation "Entrepreneur of the Year" in 1994.

Peter Karmanos, Jr. is Chairman, Chief Executive Officer and co-founder of Computware Corporation in Farmington Hills. Under Karmanos' direction, Computware in 25 years has become Michigan's fifth largest exporter, offering more than 60 software products to customers in dozens of countries.

Karmanos is also co-owner of the Carolina Hurricanes and co-owner of the Plymouth

Whalers of the Ontario Hockey League. Karmanos is also known for his tribute to his late-wife, Barbara Ann, who died of breast cancer at the age of 46.

The Barbara Ann Karmanos Cancer Institute was formed in 1996 with help from a \$15 million gift from Peter Karmanos, Jr. The center combines the resources, research and treatment capabilities of several of Michigan's top medical organizations.

Florine Mark is president and chief executive officer of The VW Group, Inc., the largest franchise of Weight Watchers International. Her company, based in Farmington Hills, employs 2,600 successful Weight Watchers members.

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Boomer lifestyle expo coming to Southfield

Life begins at 50, according to organizers of the Boomers Plus Lifestyle Expo which is coming to town next weekend.

If you are 50 or older — or know someone who is — Target Marketing Group of Birmingham wants to show you how much better life can be.

The expo will run on Saturday, April 18 and Sunday, April 19, and is designed to "address and answer everything you ever wanted to know about life after 50, but were afraid to ask," says Donna Dumas, President of Target Marketing Group and

expo creator and organizer.

To achieve this "we are bringing a collaborative group of experts together," Dumas added.

The two-day expo will be filled with educational events and activities that can teach people how to make life more meaningful and fulfilling.

Mort Crim, formerly of WDIV, and Florine Mark, president of Weight Watchers Group, are scheduled speakers Saturday and Sunday, respectively.

Attendees will also be able to partici-

pate in seminars and workshops on personal growth, career alternatives, computers, healthcare, travel and leisure in addition to hands on demonstrations on exercise, line dancing and healthy cooking and much more. There will also be giveaways such as a free cruise for two.

The expo will begin at 10 a.m. Saturday and run until 7 p.m. at the Southfield Civic Center Pavilion located at 26000 Evergreen Road. It runs from 10 a.m. to 6 p.m. Sunday.

The cost of a one-day ticket is \$7.

Franklin Bank wins web, publication awards

With its 1997 Annual Report on press, Franklin Bank's communications staff won the Bronze Astrid Award for the bank's 1996 Annual Report.

Franklin's website (<http://www.franklinbank.com>) also won the Bronze Award for Interactive Media.

In their eighth year, the Astrid Awards, sponsored by MerComm, Inc., honor outstanding achievement in design communications. There is only one gold, silver and bronze award in each category in the international competition. Additionally, the entries are not segregated by industry or by size of

company.

"Some of the competitions we enter are bank specific and entries are ranked by size," explained senior vice president of communications and marketing Rebecca Christian. "These two awards are especially meaningful because they cross over all types and sizes of industries — no doubt including companies with far greater resources than Franklin," Christian continued.

Franklin's innovative 1996 Annual Report included a shareholders' letter and management discussion and analy-

sis printed on three fold-out pieces, that looked like stacks of \$20, \$50 and \$100 bills, complete with money straps. The 1996 financials and footnotes came in the form of a checkbook register and the four components were mailed in a green vinyl, zippered bank deposit bag.

William Murcko, President and COO of Communications Associates, Inc. of Birmingham designed the report. Murcko has also been the designer for the Bank's other award winning Annual Reports from prior years.

Franklin's website was the first bank site in southeast Michigan and has been "active" since 1995.

Credit

Check report to make sure you're on the right track

In this day and age when credit is an everyday word and advertisers tout the importance of the credit report or credit history, many consumers may not think about how their credit history affects them.

We start building our credit history the minute we open a checking account, take out a loan for school or personal use, buy goods at department stores or rent an apartment. Although most landlords will not report your payment history to a major credit bureau, they will look to the credit history before renting to you.

What's important is to establish a solid credit history, despite the claims by advertisers that a bad credit history will not affect your ability to borrow money or purchase goods and services on credit. Although some lenders will grant your request for a loan, your interest rate will be higher than the norm. Your credit worthiness is important in many ways. It may affect the following:

- Your employment — some employers require a credit bureau report. Poor credit could mean that you are not offered the job. For example, you cannot be bonded or obtain a security clearance.

- Your living accommodations — landlords regularly request credit bureau information for applicants seeking apartments. Landlords do not want tenants who do not pay their bills.

- The interest you have to

pay to borrow money — individuals with better credit records pay lower interest on loans than those who are at greater risk. Students receiving their first credit card will pay more interest than others who have already established a good credit history.

- Your convenience — renting a car, making hotel reservations, buying home furnishings on time, and hundreds of other transactions are much easier if you have a credit card with a good credit history behind it.

Now that you have seen the importance of your credit history, just what is included in this report?

The most important is identifying information since you are the only one who can access your credit report unless you have given permission by filing an application or signing a request form. Here you will find your name, date of birth, Social Security number, current address, your spouse's name, and other identifying information requested by the credit reporting agency when setting up your file.

Employment information about your occupation, current employer, and time on the job may be included. Most creditors like to see a stable employment record and may look to see how long you have been on the job before granting credit.

Financial data will list credit accounts, credit available (meaning credit limits given to you by the credit grantor), and

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Kmart cash helps tornado victims

Troy-based Kmart Corporation made a \$30,000 cash donation to the American Red Cross last week to assist with relief efforts as a result of the tornadoes that struck Alabama and Georgia this week.

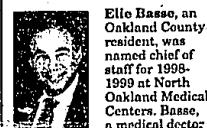
Kmart also is working with local military personnel in Hinesville, Ga. to distribute donated products, including blankets, water and batteries.

The American Red Cross will allocate \$25,000 of the cash donation toward affected Alabama communities with the remaining \$5,000 targeted for communities in Georgia.

"As a community partner, it is our responsibility to assist the communities we serve, especially during difficult times," said Shawn Kahle, Kmart vice president, corporate affairs.

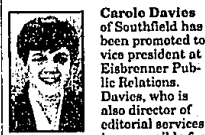
In addition to providing assistance through the American Red Cross, Kmart also will distribute funds to those Kmart associates affected by the storms through the company's associate-to-associate disaster fund.

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.



Basso has been chairman of the Emergency Medicine at NOMC since 1988.

Lisa Shier Bennett of Troy has been named a senior consultant at Service Marketing Specialists, Inc. based in Detroit. She is responsible for client engagements and is a specialist in communications planning.



Fox has been appointed director of market development for Ameristaff, Inc. in Clawson. She spent 15 years in the health care industry marketing medical services and recently worked in assisted living.

Michael Doegan of West Bloomfield has been appointed senior vice president of medical affairs at Providence Hospital

and Medical Centers in Southfield. Deegan, who is a medical doctor, is responsible for the planning, organization and administrative direction of all clinical duties for medical staff.



King implementing a maintaining a progressive managed care program for Beaumont's two hospitals located in Royal Oak and Troy.

Michael Healy of Farmington

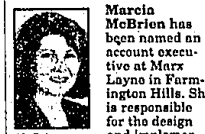
Hills recently joined Olympia Entertainment as parking manager. He oversees parking for the Foxtown area, which includes nine parking lots and more than 3,000 parking spaces.



McBrien has been named an account executive at Marx Layne in Farmington Hills. She is responsible for the design and implementation of public relations programs for several of the agency's clients. She is an attorney and previously worked for Michigan Lawyers Weekly as a reporter.

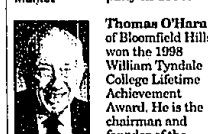
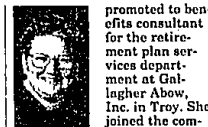
Lori Market of Utica has been

Bill Lee of Birmingham has been promoted to senior director of marketing for Olympia Entertainment. He will oversee all marketing functions for OE events at Joe Louis, Cobo, the Fox, Second City, The Deck and the Detroit Rockers. He joined OE in 1995.



O'Hara has been named chairman and CEO of Gorman's Home Furnishings headquartered in Southfield. Morny worked at Robinson's until purchasing the first Gorman's in Detroit in 1965.

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