

MORE THAN MONEY



Sid Mittra, Ph.D.

Here are more tax breaks you can use

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

In this concluding column, additional tax saving strategies are discussed.

Short sales
If you do not want to realize taxable gains on a security sale during a taxable year, but believe the security price may decline in the near future, the profit can be frozen by ordering a short sale of the security during the current year. Then, after year-end, the shares owned by you can be delivered to the broker as a replacement of the borrowed shares sold as a short sale. By delivering the stock in the new year, the gain on the short sale is realized in that year.

Second home
The government allows you to deduct many of the costs associated with a second home as long as rental income is received from the home and it is not used for personal use for more than the greater of 10 percent of the number of days it is rented or two weeks during a given year. Consequently, rental income and tax deductions generated by a second home can be an important part of a tax reduction strategy.

Alternative minimum tax
There is no relief from paying alternative minimum tax (AMT) if it exceeds the regular income tax. The AMT is equal to 20 percent of the taxable excess that does not exceed \$175,000, and 28 percent of the taxable excess above \$175,000.

Incidentally, several carefully planned actions can reduce this tax. One such strategy is to avoid investing in those municipal bonds whose interest is subject to AMT.

Splitting business income
Tax on business income may be reduced if you can shift part of the income to family members. This can be done by forming a family partnership or by making the family stockholders in a corporation.

Generally, an S corporation in which stockholders elect to report income may be used more freely than a partnership to split income and reduce tax liability.

Mutual fund sales
A little-known tax savings strategy

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Growth slows, but Oakland still booming

Oakland County's seven-year economic expansion will continue, albeit at a slower rate, U-M researchers say. While the Oakland County economy remains one of the strongest in the nation, a slowing national economy and local labor shortages will cause job growth in the next two years to expand at a more moderate rate than in recent years, say University of Michigan economists.

Since 1991, Oakland County has added an average of more than 22,000 jobs per year to its total private-sector work force, including 24,000 new jobs in 1997. In 1998, the U-M researchers say, the Oakland County economy will add 21,000 new jobs (a 3.3 percent increase), but only 11,000 (a 1.6 percent increase) in 1999.

"We anticipate that the pace of local job growth will slow considerably over the next two years," says economist George A. Fulton of the U-M Institute of Labor and Industrial Relations (ILIR). "This reflects the projected slowing of the national economy, accompanied by little change in vehicle production and continued labor supply constraints."

Their annual forecast of the Oakland County economy, Fulton and colleague Donald R. Grimes say that a

shortage of qualified workers will make it more and more difficult for Oakland County to expand employment levels at the rate of recent years.

Almost half of Oakland County's new employment in the 1990s has been filled by growth in the county's labor force, the researchers say, while about a third of the jobs were filled by commuters from surrounding counties and the rest were filled from the ranks of the unemployed.

"Last year, Oakland County's unemployment rate averaged 2.7 percent, suggesting that there are few willing and qualified workers remaining on the local unemployment rolls," Grimes says. "And as long as labor markets remain tight and fewer workers are available in neighboring counties, most job growth in Oakland County will be established by, and limited to, the rate of growth in its own labor force."

"A major challenge for the county is to create more opportunities to draw skilled labor into the county and to increase the skilled labor pool locally through an intensified commitment to education and training."

Most of the new jobs in Oakland County in the next two years will come in two non-manufacturing sectors—services (business, professional, health and other services) and retail trade (restaurants, restaurants and bars), the researchers say.

The services industry is forecast to add 19,000 new workers by the end of

Oakland County employment forecast

	Actual 1990	Actual 1996	Estimate 1997	Forecast 1998	Forecast 1999
TOTAL PRIVATE JOBS (Annual percentage change)	539	639	663 (3.7)	694 (3.3)	695 (1.6)
MANUFACTURING					
Motor vehicles	101	118	119	122	121
Other manufacturing	37	47	48	48	48
NONMANUFACTURING					
Construction	438	521	544	562	574
Transportation and utilities	23	28	31	32	32
Wholesale trade	15	19	20	21	21
Retail trade	43	49	52	53	54
Eating and drinking	120	125	127	130	133
Other retail	43	43	45	46	46
Finance	77	82	82	84	87
Services	43	52	53	54	54
Business and professional	189	243	256	267	275
Health	98	128	137	145	150
Other services	47	60	62	65	65
Other nonmanufacturing	46	55	57	57	59
	5	5	5	5	5

1999 accounting for about 60 percent of the job gains in the county—while retail trade is projected to add 6,000 new jobs through the end of next year.

According to Fulton and Grimes, two-thirds of the job gains in services are in business and professional services, both in higher-wage industries such as engineering and computer services and in lower-wage industries such as temporary help supply services.

In the manufacturing sector, motor vehicle manufacturing is expected to show a gain of 2,000 jobs this year, reflecting a return to work of the strikers at the Pontiac East truck assembly plant, followed by a loss of 2,000 jobs in 1999, the researchers say.

Other manufacturing industries are expected to gain 2,000 jobs collectively over the next two years, mostly in industrial machinery and computer

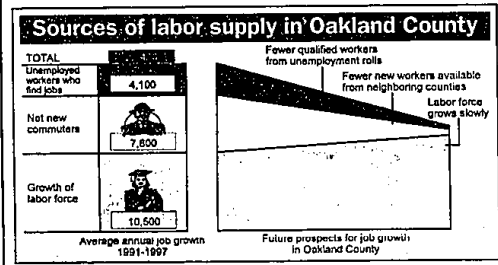
equipment, and electronic and other electrical equipment.

In all, although employment growth overall is expected to slow somewhat in the next two years, Oakland County will still be the leading economy in Michigan, Fulton and Grimes say.

"Both Oakland County and Grand Rapids are creating jobs at a much faster pace over the 1990s than the nation, the state and every other major labor market area in the state," Fulton says. "But while the two areas have been comparable in job growth rates, Oakland created the greater number of jobs—123,000, compared with 96,000 in Grand Rapids—and it has a much higher level of per capita income, exceeding Grand Rapids by more than 60 percent."

In fact, Oakland County's 1995 per capita income of \$35,899 not only is the highest in Michigan—50 percent

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Strictly Business honors vocation work

More than 350 business and community leaders are expected to attend this month's Strictly Business awards luncheon to honor the achievements of four local employees and Computare Corporation.

Hosted by Jewish Vocational Service (JVS), Strictly Business is scheduled for 11:30 a.m., May 27 at the Hyatt Regency Dearborn.

Strictly Business honorary chair

Robert Lutz, vice chairman of Chrysler Corporation, will give the keynote address and offer his congratulations to the winners.

Computare Corporation will be recognized with the 1998 "Business Leadership" award for its outstanding commitment to the vocational success and well-being of its employees.

In addition, four individuals will receive the 1998 "Employee of the

Year" award in recognition of their exceptional vocational achievements and commitment to excellence in the workplace.

For ticket information, please call Kim Graziosi of JVS at (248) 559-6000, ext. 318.

JVS, a nonprofit, nonsectarian agency assists, metropolitan Detroit employers and job seekers to achieve their employment goals.

Purchasing managers report dip

Members of the local National Association of Purchasing Management surveyed in April by Detroit-based Comerica Bank, revealed a 1.4-point decline from March in overall business conditions for Southeast Michigan's industrial economy.

Comerica Bank's composite index of the local industrial economy, which is based on the survey of purchasing managers, registered 61.4 in April, down from 62.8 in March. The April reading was 6.0 points above year-earlier levels.

"Despite April's slippage from the prior month, the local economy was still performing robustly compared with a year ago," said David L. Littmann, chief economist at Comerica. "Production activity and inventories fell off during April in both the auto and non-auto sectors, but most of this decline was offset by higher new orders and by tightening vendor delivery schedules."

MSU's Troy center expanding local opportunities

Michigan State's Eli Broad Graduate School of Management is expanding its executive education program in Troy.

Edmund Rieger, director of the schools' Troy-based executive MBA Program, has the new title of executive director of Executive MBA and Executive Education Programs-Troy, with the increased responsibility of developing open enrollment and customized programs for companies in Oakland, Wayne and Macomb counties.

He joined Michigan State University in 1997 after spending nearly 20 years as a management consultant in the private sector.

EDUCATION

"Our operation will complement the executive development programs office based on campus in East Lansing," Rieger says. "We will concentrate on working with Detroit-based companies and build on the existing solid base we have built in the Detroit area."

Rieger goes on to explain that MSU's executive MBA program has been headquartered in Troy since 1975, and many of its 2,000 graduates are Detroit-area executives.

"Business Week recognizes ours as one of the top 20 executive MBA pro-

grams in the country," he said. "That provides us with solid credentials in management education."

Rieger says companies can have programs delivered on-site or at the school's Management Education Center on Square Lake Road in Troy.

"We will work to provide a full range of options aimed at developing people and organizations," says Rieger. "The expertise we offer is strategic, global and technology-based."

Rieger holds a Ph.D. in instructional technology from Wayne State University and a master of public administration degree from the Illinois Institute of Technology.

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.

Jon Barfield of Bloomfield Hills has been named to the board of directors for Blue Cross and Blue Shield of Michigan in Detroit. He replaces Terry Kot. Barfield is chairman and CEO of the Bartlett Group, Inc. and had previously been president of Barfield Manufacturing.



Curley

Karen Curley of Troy recently joined Art Van Furniture in Warren as manager of corporate projects. She will be responsible for external incentive programs and a company-wide newsletter. She previously spent 30 years in various positions with Dayton Hudson.



Diamond

Holly Diamond of South Lyon has joined Walsh College's Novi campus as an admissions recruiter and administrator. She will be responsible for managing the day-to-day operations of the campus, recruiting students from Oakland and Washtenaw counties.



Fulford

Karen Fulford of Birmingham has joined Walsh College in Troy as assistant director of student financial services. In her new position, Fulford will be responsible for



Irwin

John Irwin of West Bloomfield has been promoted to senior vice president of Comerica Bank and president of Comerica Securities. Based in Detroit, Irwin manages the sale of investment products for Comerica. He joined the bank in 1978.

J. Lee Juett of Bloomfield Hills



Juett

has been elected president treasurer of the American Machine Tool Distributor's Association for the 1998-99 years. He is president of the J. Lee Hackett Company in Farmington. He was named president of the company in 1987.



Kerr

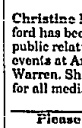
Thomas Kerr, who is relocating to Troy, has been named general manager of automotive glass original equipment business at PPG Industries in Troy. He has been European director of automotive glass production in Paris since 1996. He is responsible for

worldwide sales of automotive glass original equipment products and management of PPG's automotive technical center in Troy.



Littmann

David Littmann has been promoted to senior vice president of economics at Comerica Bank in Detroit. He is responsible for the bank's economic department and research library functions. He joined Comerica in 1970.



Morrisroe

Christine Morrisroe of Waterford has been named director of public relations and special events at Art Van Furniture in Warren. She will be responsible for all media relations, commu-

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