

MORE THAN MONEY



SID MITRA, PH.D.

Life insurance: Let the buyer beware

Some years ago the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD) imposed strict regulations on mutual funds by prohibiting them from guaranteeing future rates of return. Of course, the life insurance industry fell outside of the SEC's and the NASD's jurisdiction.

Consequently, life insurance agents continued - and still continue - to sell cash-value policies using impressive depictions of cash values building up inside the policies. In all fairness, it should be pointed out that each projection must also show minimum guarantees (usually 4 percent return), but the attention of the consumer is quickly directed to the more impressive cash-value column usually based on current assumptions.

During the 1970's and the mid-1980's, this practice posed no real problem, because interest rates continued to climb and most policies performed better than illustrated. Since the mid-1980's, however, things have dramatically changed. As we embark upon the cycle of declining interest rates, policies issued under rosier conditions no longer look quite as rosy. In fact, scores of policies are underperforming projections, and the policyholders are extremely disappointed with the outcome.

The real issue

Unfortunately, the real issue is far more complicated than meets the eye. In order to underscore the nature of the real issue, two whole life policy illustrations are presented in the accompanying box. Both policies are for John Client, who is 50 years old, a non-smoker, and is placed in the preferred category. The face amount of insurance is \$250,000, and the annual premium payments are \$5247.50. Finally, both policies are issued by companies that are highly rated by all four rating agencies.

A quick look at the two policies reveals the following startling differences:

Item	Policy ABC	Policy XYZ
Vanishing premium	In 12 years	In 11 years
Death benefit in year 30	\$266,899	\$375,236
Cash Value in year 30	\$172,681	\$263,828

So, you don't have to be a rocket scientist to conclude that policy XYZ is superior and hence by far the most preferred policy.

Right?
Wrong.

Please see MITRA, B5

Sid Mitra, Ph.D., CFP, is professor emeritus of finance at Oakland University, and owner of Mitra, Finnigan & Associates, a Rochester Hills financial consulting firm. Professor Jerald Grossman of OU critically reviewed this column. You can e-mail questions or comments to Sid Mitra at smitra@oakline.com or smitra@fin.ifi.com.

Internet mall offers new options

By BARB PERT TEMPLETON
SPECIAL WRITER

Reaching consumers via the Internet may be old news to some retailers, but you can be sure not many have been offered an opportunity to show their wares for free.

In fact, being listed on the "newworldmall.com" site developed by Bryan Peruski, a real estate developer/builder and Scott Wagner, a computer designer, doesn't even require retailers to own a computer.

"We determined that with all the hype out there, the only way small and medium size retailers could afford to get a site and give it a shot was if we provided the system," Peruski said.

The plan calls for retailers to be brought online at no cost, but then charged small fee based on a percentage of their sales.

"The pressure is on us to perform and provide our tenants with an environment where they can make sales," Peruski said.

The New World Mall is a subsidiary of the West Bloomfield based Plaza Management Group (PMG) which owns and leases 35 stores in the West Bloomfield Plaza. PMG partners include brothers, Robert, Charles and Louis Peruski who have been in business for over 30 years and son and nephew, Bryan Peruski, who joined the firm a decade ago.

"We're involved in home building and surveying vacant land so it seemed a natural progress to go into this kind of virtual real estate," Peruski said.

The idea began taking shape last November and this spring the duo launched their site. They have been fine tuning it and adding retailers ever since. The mall is open to the site for business on Sept. 20 and are pre-empting space for retailers right now.

At the same time shoppers can go in and look around and get a feel for how the system is going to work. The shopping on line concept developed by Peruski and Wagner isn't new but the duo have created a picture driven system that offers several unique benefits to tenants and clients.

Every item in the New World Mall is pictured in a "thumb nail" format within individual stores so that shoppers can see what they are getting. After selecting individual items, larger images and further details can be retrieved.

They have also created a consistent format for shopping store to store enabling shoppers to learn the process once instead of trying to adapt to how each area works.

On the tenant end of things, New World Mall will get copies of all the transactions that take place at the site minus secured information such as credit card numbers. They will utilize those bills to create a monthly statement for each of their clients.

"Then we'll hit their credit card for 5 percent of their gross sales," said Peruski, adding that shop-

Notescope: New World Mall - The Future of Shopping

Location: <http://www.newworldmall.com/index.html>

Home Index About Us Search New World Mall Feedback Lease Office FAQ Checkout

Welcome to New World Mall

Clothes, Accessories, Jewelry, Shoes... Sports, Fitness, Travel, Health Aids... Beauty Aids, Hair Care, Skin Care, Fragrances... no time to windowshop? QUICK SEARCH GODIVA Chocolatier TALKING BOOK WORLD Robert and Charles discounted salon products premium Cigars WATCH BANDS ALLIGATOR

Food, Drink, Tobacco, Gifts... Books & Music, Video, Toys, Software... Household, Kitchen & Bath, Decorations, Electronics...

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Shopping bytes: The New World Mall at <http://www.newworldmall.com> allows customers to shop on their computers, at no cost to the retailers.

pers will get an e-mail confirmation of their order. And we're not talking about huge retailers, like a Barnes and Noble, we see this as an opportunity for small retailers to try out the Internet and basically it's on us."

For those retailers who don't have their own access to the Internet, the New World Mall will process their orders via fax machine.

"We don't want a tenant to have to spend \$3,000 for a computer system to be part of this," Peruski said. "Providing the fax is something that we can do to try and help the retailers."

American Gourmet whose holdings include Godiva Chocolates, the House of Watch Bands, Europa

Gallery and Talking Book World are among the initial lease holders for the New World Mall site.

"This idea appealed to me because they kept it simple," Richard Simtob, president of Talking Book World in West Bloomfield, said. "They said give us your ten best products and then they put a picture with each of those products. And it doesn't take four or five minutes to view the page, it's not over done with graphics all over the place."

The idea that consumers could visit the Internet site looking for any number of products and have the chance to consider a book from his store was also a big plus, Simtob said.

Please see NEW WORLD, B6

Bosch breaks ground on new expansion

Robert Bosch Corporation broke ground Wednesday on a \$37-million expansion of its Farmington Hills campus.

The expansion will consolidate automotive operations, including the relocation of Bosch's braking division headquarters from South Bend, Ind., and will serve as Bosch Automotive headquarters in North America.

Built in 1983, the current 160,000-square-foot facility serves as the automotive group headquarters and employs 85 employees.

When the expansion is complete,

EXPANSION

Bosch Braking Systems will relocate 40 positions to the new facility and Bosch will be adding more than 400 new jobs.

Bosch executives and city and state dignitaries were on hand to break ground for the new 250,000-square-foot expansion, which is anticipated to be completed by early 2000.

The expansion will house additional research and development facilities

and office space. Bosch delivers a variety of automotive precision components and systems to vehicle and powertrain manufacturers domestically and abroad.

These include systems and components for gasoline and diesel injection, safety systems, including airbag and ABS, brake systems, and lighting, as well as small motors, electrical equipment and electronics.

Robert Bosch Corporation is the wholly owned American subsidiary of Robert Bosch GmbH, headquartered in Stuttgart, Germany.

Big companies recruiting at September job fair

The Observer & Eccentric Newspapers are sponsoring a job fair 11 a.m. to 7 p.m. Wednesday, Sept. 23, at the Laurel Manor Banquet and Video Conference Center, Livonia.

The fair will feature recruiters from various industries.

Participating companies are scheduled to include The Kroger Co., Conterra, Prudential Preferred, Dean Witter Morgan Stanley, Family Neighborhood, Skyway Precision, Snelling-Livonia, Staffing Services, Snelling-Bingham Farms, Unique Restaurants, Jawood Management, Village Green

Company, Temperform Corp., Sears, New Horizons and Ford Motor Company.

Job seekers are encouraged to come with up to 70 resumes and be prepared for on-the-spot interviews.

Admission is free. Appropriate attire is recommended.

"We welcome the opportunity to place readers of our newspapers in face-to-face contact with businesses who have supported our newspapers' recruitment pages over the years," O&E director of marketing Rick Ficoroli said.

"We want to create a win-win situation for both groups."

This is the first joint job fair organized by The Observer & Eccentric Newspapers and HomeTown NewsNet, both subsidiaries of HomeTown Communications Network headquartered in Livonia.

The Observer & Eccentric Newspapers publishes 15 twice-weekly community papers in Oakland and Western Wayne Counties.

The HomeTown Newspapers publishes papers in western Oakland and Livingston counties.

State jobless rate rises after auto labor disputes

Michigan's jobless rate increased in July by .6 of a percentage point to 4.2 percent, Doug Rothwell, CEO and department director of the Michigan Jobs Commission, announced Thursday.

"The increase in the unemployment rate can be attributed to the labor management dispute at General Motors," Rothwell said. "The strike resulted in the shutdown of most GM plants and caused significant layoffs among automobile part suppliers."

Employment in July fell by 41,000 and unemployment rose by 28,000 as the state labor force dropped by 12,000.

"However, if you remove the temporary job losses caused by the labor management dispute, employment levels were relatively unchanged in the month of July," Rothwell said.

Workforce growth and employment have been strong over the

Please see UNEMPLOYMENT, B5

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.

Nikki Alexander of White Lake has been promoted from assistant manager to outreach coordinator at MedMax, Inc. headquartered in Southfield. She will coordinate seminars, network with communities and healthcare organizations, develop training and promote MedMax.

Danielle Babiarz of Sterling Heights has joined Kolon, Bittler & Desmond in Troy as a public

relations account executive. She will provide media relations and event management expertise to the agency's retail accounts.



Becker

Joseph Becker of Berkley has joined the firm of Ford & Earl Associates in Troy as a graphic designer. He has no experience in identity programs, print materials, logos and website design.



Cameron

Julie Walker Cameron of Royal Oak has been promoted from manager to senior tax manager in the tax department of Grant Thornton in Southfield.



Keating

Terrence Keating has joined the law firm of Berry Mooreham in Birmingham. He is of counsel and will be concentrating his practice in the areas of estate planning, trusts and non-profit law.



Keating

Laura Jacobs of Plymouth Township has been promoted from assistant manager to outreach

reach coordinator at MedMax, Inc. headquartered in Southfield. She will coordinate seminars, network with communities and health care organizations, develop training and promote MedMax.



McNulty

Kerry McNulty of Ann Arbor has joined Farmington Hills-based Marx Layne & Company as an account executive. She will design and implement public relations programs for several clients including the Somerset Collection in Troy.



McNulty

Marc Lichtenstein of South-

field has been named director of traditional development at A&W Restaurants headquartered in Farmington Hills. He previously worked for World Franchise Consultants in Southfield.

Reno Perez of Clawson has joined Forest Post Productions in Farmington Hills as an assistant online editor.



Plagens

Jim Plagens of Rochester Hills has joined D'Arcy Mauser Benton & Bowles/Detroit in Southfield as vice president and group media director for "group d'arcy," the agency's non-automotive accounts, and new business. He was previously an account executive for ESPN in Troy.



Sokol

David Sokol of Oakland Township has been named area vice president for the Auburn Hills office of Vincem Human Resources. He will oversee all areas of client service, sales, human resources and risk management.



Smith

Gregory Smith of Bloomfield Hills has been elected a trustee of the Eastern Michigan University Foundation. The executive vice president of financing operations at Ford Motor Credit Company will serve three years.

Please see MILESTONES, B6