

Expert sees danger in better car handling

One of the federal government's top highway safety researchers has taken a swipe at technological developments that improve cornering and braking, saying they may lead to overconfidence on the part of the driver.

"Driver response to improved handling — improved stability that's available through active suspension systems — is something that hasn't been carefully examined," said Michael M. Finkelstein, associate administrator for research and development for the National Highway Traffic Administration, in a recent issue of Automotive News.

The "active suspension" he is referring to is one of the few genuinely

new technical developments currently on the automotive horizon. It couples a fast-acting computer to high-speed hydraulics system to anticipate the impact of bumps on the road, and levels out the corners. At least a dozen manufacturers are working to develop it into an affordable option. The work is being led by Lotus Engineering, now a subsidiary of General Motors.

One example of overconfidence as a result of the changes, Finkelstein said, would be speeding on a rough road that appears smooth. Another high-tech device that puts the field of view of the speedometer squarely in the driver's field of vision, which will be on the market in a couple of



auto talk
Dan McCosh

months, is also suspect. It could be distracting, he said, despite the fact that the system was developed originally for the pilots of jet aircraft so that they wouldn't be "distracted" while landing.

RADAR BRAKING, a system that GM also is working on to prevent rear-end collisions on the freeways,

could also lead to "overconfidence," Finkelstein added.

I'd have to say the general philosophy espoused by Finkelstein is the most regressive opinion I've heard in a lot of years, something I remember reading about in my studies of the industrial revolution, when anti-technology groups formed to protect back-breaking manual labor against

the onslaught of the machine age.

Following the line of reasoning to its logical conclusion, we would eliminate hydraulic brakes, radial tires, seat belts, safety glass, and of course, airbags — all of which greatly increase the confidence of the average driver as well.

Aside from the obvious danger of reversing the current interest in improved technology that improves a driver's control of the car, the philosophy that underlies Finkelstein's remarks underscores a real problem with government safety legislation today.

We've been sidetracked from a series of laws that required improvements in structural integrity, shorter

stopping distances, lower emissions and driver protection. It's not a well-known fact that at least some of the Big Three actually require higher standards than federal law requires today, and in some areas are pushing for even further improvement.

Finkelstein's remarks indicate that NHTSA may never have formed a basic concept of what constitutes a "safe" car, but has been content to take potshots at whatever the auto industry is doing in the field of safety and performance, on the grounds that the government must remain a critic, rather than set basic standards of performance.

Dan McCosh is the automotive editor of *Popular Science*.

Families told to save for long term

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"Jean's life insurance picture is even more critical. Though she has the larger income of the two, she has only \$58,000 of insurance coverage — about enough to replace her income for just 1½ years."

FERRARA SUGGESTS a minimum of \$250,000 life insurance for each and recommends that Don purchase a personal long-term disability policy. He adds that they might consider structuring their life insurance as a combination of term and universal life.

A second major weakness noted by Ferrara is the lack of any estate plan. "If a joint death occurs, do they really want the state to name a guardian for their children? Are they comfortable with the probate court overseeing the investment of their estate? Is their intent to have the children receive their entire inheritance at age 18?"

"If the answer to any of these questions is 'no,' they should see an attorney to draw up a will and a trust. The trust would provide for the management of assets upon a joint death and establish a more appropriate time for distributions to the children."

Certified financial planner Dan Boyce of the Center for Financial Planning in Birmingham addresses the question of meeting their long-term goals. Their three stated goals in order of importance are:

- Build home on lake property by 1990 (\$65,000)
- Start college funding plan

(\$20,000)

• Continue retirement funding (amount unknown)

"My suspicion is that if they continue their current spending patterns while building the second home, the college funding and retirement funding will suffer," Boyce said. "This seems to be putting the cart before the horse."

BOYCE SUGGESTS that Jean continue funding her tax-sheltered annuity at the \$150-per-month rate. As an automatic payroll deduction, it is convenient, and it provides tax savings. Given their other goals and resources, Boyce thinks that this is an appropriate level of retirement savings for now.

Secondly, they should start the college fund immediately at a rate of 5 percent of their incomes — \$200-\$300 per month. "It will be much easier if they start now rather than waiting four or five years," Boyce explained.

Lastly, they should take advantage of their existing home equity line of credit to pay off the auto loans, the bank loan, the department stores and the credit cards. This results in two benefits: It consolidates several loans into one lower-interest loan and the interest becomes fully deductible.

The only drawback to the home equity loan consolidation, according to Boyce, is the tendency to let the other debt build right back up.

"Resist this temptation. If you can't, don't take out the home equity loan," Boyce advises. "If you decide you will pay off all credit purchases

each month, my suggestion would be to take out a loan for \$15,000. After paying off the debts this would leave about \$2,500 as a needed addition to your cash reserves. The \$2,500 in current savings is simply not sufficient to provide the cash cushion I like to see."

Another key to this loan consolidation is to continue paying the same monthly amount on the loans. "They are currently paying approximately \$750 per month on those debts," Boyce said. "By paying this same \$750 on their home equity loan, they will amortize it in about 22 months."

"At that time, they will have the \$750 per month to use for their goal of the second home. This fits nicely with their desire to build on the lot in

two years — by 1990." A monthly mortgage payment of \$750 would more than pay for the \$55,000 desired by them for this home.

Ferrara suggests that Don and Jean may want to work with a financial planner in fine-tuning this plan. Because it involves some changes in their spending habits, it may be important to have an objective source to help them plan and to ensure they stay on track.

Don and Jean are on the edge of being able to meet both current and future goals. If they control their tendency to emphasize immediate gratification, and if they plan carefully, they will be amply rewarded through the attainment of their financial goals.

marketplace

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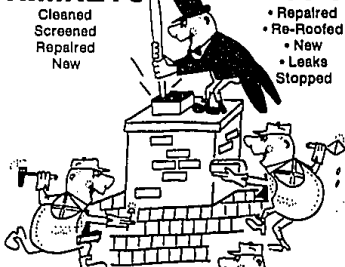
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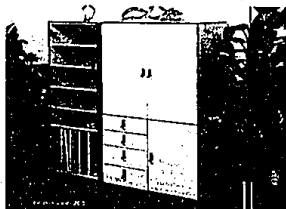
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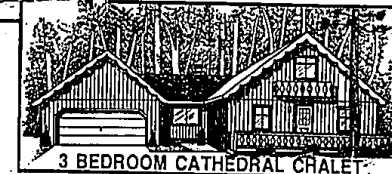


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