



Thursday, August 10, 1988 O&E

Financial Position

ASSETS

Checking	\$300
Savings	\$5,400
Coin Collection	\$1,500
Automobiles	\$6,500
Other personal items	\$3,000
Total Assets	\$16,700

LIABILITIES

Auto loan	\$2,000
Credit cards	\$2,100
Student loan	\$4,300
Total Liabilities	\$7,400

Net Worth \$8,300

The Bottom Line

Financial strengths

- Adequate emergency reserves
- Early start in financial planning
- Solid medical and auto insurance coverage
- Determination to save part of income
- Lots of time to build assets and reach goals

Financial weaknesses

- No renter's insurance
- No disability coverage on Jenny
- No wills
- Need to monitor credit card debt
- Too little withholding

Nest building

Rethink savings plan to achieve goal

FAMILY FINANCES

Local financial planning experts reviewed the data of the family profiled here and made general recommendations based on the participant's resources and goals. The information is for educational purposes only; references are not intended as discrimination or endorsements by Observer & Eccentric Newspapers or the advisers.

To receive a free financial planning brochure or to obtain a questionnaire to have your finances reviewed in this column, contact the Center for Financial Planning, Dept. 100, 877 S. Adams, Suite 202, Birmingham 48009 or call 642-4000.

By Alan Ferrara and Dan Boyce
special writers

Getting ahead financially is an achievable goal for most people if careful planning is done. Unfortunately, financial planning is often put off until some unspecified later date. This month's profiled family, Roger and Jenny Lyle, have no such problem.

Roger and Jenny are only in their mid-20s and have been married a little more than a year. They rent an apartment in Troy and would like to buy a house as soon as possible. They have started a savings account for this goal and have accumulated \$5,400 thus far.

Roger is an architect earning \$31,000 per year; Jenny works as a nurse with a yearly income of \$22,000. They are very careful to add \$500 each month to their house purchase savings account. They plan to have children two to three years in the future.

BESIDES THE savings account earmarked for the house, they have two automobiles and a coin collection Roger started years ago. Their debts include a \$2,000 auto loan, a student loan from Roger's schooling, and several outstanding credit card balances. The credit card debt in-

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creased substantially in April when they found that they owed additional income tax of \$1,500.

They write, "We have been reading your column with interest. We wonder whether we are managing our money well and would appreciate any comments on a more effective use of our savings."

We applaud their discipline in saving the \$500 per month on a regular basis. This habit will form the basis of a solid long-term financial picture.

They should take steps to reduce the credit card debt. The interest rate on such debt is very high, and deductibility of this interest is being quickly phased out. We suggest they get rid of this expensive debt.

On the other hand, the student loan has a relatively low interest rate and should be paid off as slowly as possible. Apply only the minimum monthly payment to this loan.

Based upon their current withholding rates, we calculate that they will again face an income tax bill next April because they have few deductions. Moreover, they may be subject to a penalty for underwithholding, since they will not meet either of the following criteria for "penalty proofing" their withholding.

TO GUARD against penalties, they must withhold at least 90 percent of the tax due for the year, or alternatively they must have an amount withheld which is equal to last year's tax liability. They should adjust their withholding to meet one of these criteria.

As we've noted in previous columns, a will is an important legal document to obtain. Until they have children, simple wills will probably be an adequate estate plan for the Lyles. Perhaps even the simple Michigan Statutory Wills would provide an adequate stop-gap measure for them.

We also note their lack of renters' insurance. This is a significant oversight on their part. If there were fire or other major loss, they would find their other goals set back significantly. We suggest a renters' insurance policy with a replacement cost rider.

Also, Roger should consider putting his coin collection into a safety deposit box or adding a personal property floater to his renters' policy as a specific item of coverage in his policy. Most policies have "inside limits" or maximum coverage of \$500-\$1,000 on items of unusual value. This includes items such as coins, currency, musical instruments, furs, art, etc.

Their house savings account is held in a regular bank passbook savings account. We would recommend that they keep this money in a money market fund. This increases the interest earned on the account, and it keeps the money available at any time without penalty. These accounts also are not subject to any

fluctuations in value, as would be the case with some other investments.

ROGER HAS access to an employer savings plan (not a 401K) on the first 5 percent of his income. For every after-tax dollar Roger puts in, his employer would match 80 cents. This amount is immediately vested and available. Roger has not joined this plan because he sees it as decreasing their ability to save for the house. He doesn't want this money tied up until retirement.

We suggest he rethink his position on this savings plan. He can withdraw money from the plan at any time, as long as he is willing to pay the income tax and the 10-percent penalty on his earnings and the company contribution. Because the 80-percent company contribution more than offsets any tax liability he would incur, this fund could be an effective way to help build their house purchase fund. He might also be able to borrow his balance from this plan and avoid tax consequences altogether.

When they buy the house, they should not be overly aggressive in picking the largest house they can possibly afford. This condition of being "house poor" can be a major impediment to their reaching other financial goals.

Granted, some people have done well even though they have stretched their finances to the limit in buying a house, but more often than not, other goals are perpetually put on the back burner due to the cash flow demands of a large house.

There is also the possibility that Jenny may want to stay home for a period of time when they have children. If they are encumbered with a large mortgage, they may not have this option. They can always "trade up" to a larger house later on as circumstances allow.

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Travelers' aid: offices on call

By Mary Rodriguez
staff writer

Everywhere Office Network is to business travelers what resort hotels are to vacationers — a one-stop service providing business offices from coast to coast.

Need a computer? No problem. Could a legal secretary be of help? EON can summon one from its data base. How about an interpreter? That can be arranged, too.

EON hopes to offer its clients everything needed to conduct business successfully away from the home office, right down to the secretary and a pot of coffee.

"We provide a professional environment for professional people to conduct business," said Claudia Alexander, co-founder of EON.

EON HAS BEEN headquartered in the Livonia AmeriCenter since June 30. Incorporated last February, EON's three partners immediately began working on creating a nationwide network of member offices in cities like Miami, Atlanta, Chicago and Denver — industrial and busi-

ness centers that attract a preponderance of business travelers.

Member offices are under contract to make office space and services available on an as-needed basis. Some member offices may have just a few suites for rent. Others have a full cadre of office space.

Another bonus — space can be reserved through a travel agent the same way an airline or car rental is booked.

ALEXANDER, WITH partners Cynthia Stajos and Sharon Stankovich, feel like pioneers in a field they hope will take the corporate world by storm.

"This is a brand-new concept, bringing together three successful business entities: the travel agent, the business traveler and the office," Alexander said.

While many hotel chains offer business travelers special perks, including use of office equipment, EON's founders said they are the first independent company to offer business travelers temporary offices away from home.

The founders are relying on travel

agents to help sell their product. Offering the travel agent "at least 12-percent commission at a time when hotels and airlines are cutting commissions" should guarantee their service is at least pitched to prospective clients when travel plans are booked, they said.

BEST FRIENDS Alexander of Union Lake and Stajos of West Bloomfield began dreaming up the concept 2½ years ago. They poured over travel statistics from the government and airlines. Their business brochure quotes a figure of 200 million women and men traveling for business each year. The market seemed ripe for EON.

"I've wanted to go into business for years," said Alexander, who has a background in real estate and sales management.

Working together with a consultant, they were paired with Stankovich, a Canton Township resident with a financial management background. The trio clicked instantly, she said.

THE MEMBERSHIP drive to attract businesses into the shared office network is officially over for now.

"We could go as high as 400 (members) by September," Stajos said.

"We've got all of Michigan covered, and Miami, Fort Lauderdale, Phoenix, Atlanta, Washington D.C., north Virginia, Minnesota and Chicago."

Future target cities are Boston, Los Angeles and San Diego.

Although overtures were made in at least one city, EON doesn't seek exclusive contracts with a particular office because "we can't limit ourselves. We're working together for mutual benefit," according to Alexander.

SOME MEMBERS of the network have legal secretaries, interpreters and legal libraries available. All special amenities are on file in EON's computer data bank, so clients can be matched to their needs.

EON is a better alternative than competing business hotel suites for a number of reasons, the partners said.

"Hotels can be an expensive alternative," Alexander said.

For instance, an S&CT affiliate had a major production in Dallas. A 10-page paper had to be typed

Planes turn to Page 2

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\$2 Weekend rate *	Weekends	Up to 12 hours of parking
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Theater Validation Program *	Any day after 6 p.m.	Free parking with \$2 discount on the after ticket.

*These programs available for lots A & B. Enter from Beaubien Street east of Renaissance Center.



RENAISSANCE CENTER



Partners Claudia Alexander (seated) and Cynthia Stajos of Everywhere Office Network.