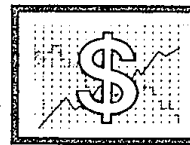


Business

Marilyn Fitchett editor / 591-2300

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Thursday, March 1, 1990 OLF

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By Doug Funke
staff writer

Some investors prefer to put their money where their philosophical beliefs are rather than shooting for maximum financial return.

People like Pat and Douglas Lent of Royal Oak.

Active in the peace movement for nearly 20 years, the Lents have decided to put their profit-sharing money into what has become known as socially responsible investing.

That generally means avoiding companies that do business in South Africa, companies that manufacture weapons, companies that have a poor environmental track record and utilities involved with nuclear power.

"We don't want to contribute to the remaining ills of the world," Douglas Lent said. "We personally feel it's better for money to be working for things you believe in... and not abusing people."

JOEL DISKIN, a Birmingham certified financial planner, concluded during a peace march 3½ years ago that he should take a closer look at socially responsible investing.

He liked what he found.

"What you're really doing is protecting against the downside — defensive screens that make good economic sense," Diskin said.

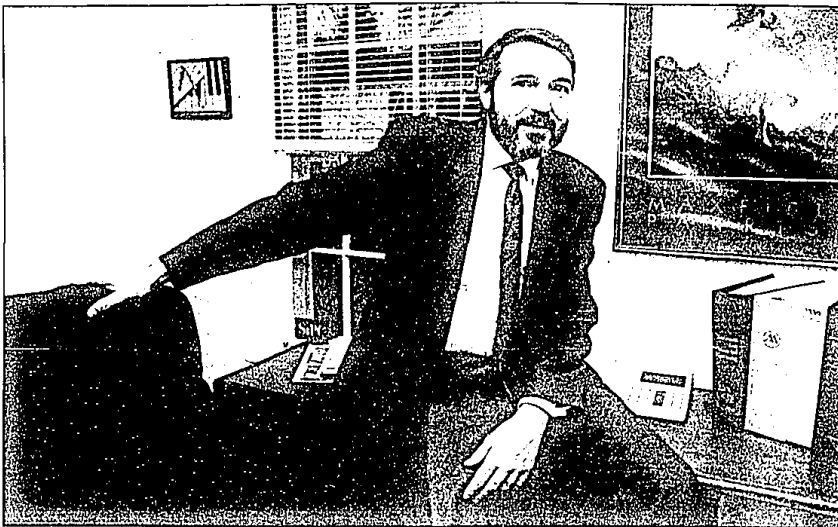
"Look what's going on with the defense stocks. There's an outbreak of peace. There's talk of cutting the defense budget. What's going to happen to stock? It will go down in value."

"If you don't have them (investors) in there, you don't have to worry about it."

"The same with nuclear. What if we have another Three Mile Island or Chernobyl? If you don't have nuclear stock in there (portfolio), you don't have to worry."

"In South Africa you've got sanctions, more civil unrest. What does that do to a company in South Africa? Doesn't it make more sense not to invest with that company?" Diskin said.

Investing on moral values



STEPHEN CANTRELL/staff photographer

Joel Diskin, a certified financial planner, likes to put his clients' money where their philosophical beliefs are.

RETURNS ON the socially responsible investment approach are comparable to yields using other strategies, Diskin said.

"Historically, you will find (socially responsible) mutual funds in the top third of funds, if not closer," he said.

A loss of a percentage point or two on yield to go the socially responsible route "doesn't bother us

when it comes to moral values."

Several socially responsible mutual funds and their yields were mentioned by Diskin.

- Calvert Social Investment Fund, which has returned 15 percent annually over the past five years.
- Calvert Ariel Growth Fund,

which has returned 23 percent annually through last November during a three-year existence.

• Calvert Ariel Appreciation Fund, now in the formative stages.

All three are loaded, that is, have a sales commission, and require a minimum investment ranging from \$1,000 to \$2,000.

• The Pax World Fund, a no-

load with a \$250 minimum investment, has yielded 13 percent annually the past five years. That fund, founded in 1973, is considered to be the granddaddy of social investment mutuals, Diskin said.

New Alternatives Fund, a load fund with a minimum investment of \$2,650, had a five-year annual

return of 15 percent as of last August.

SOME INDIVIDUAL stocks that receive high marks for socially responsible investors from a variety of rating sources are Apple Computer, Boston Bancorp, Citizens Utility, Kelly Services and the Handelman Co.

Kelly and Handelman are headquartered in Troy.

"You're looking for companies that produce good products, sustain the environment and make room for women and minorities in the structure," Diskin said.

"There's three kinds of people interested in social responsible investing," Diskin said. "First, you find hard-core activists, '60s holdovers, who make a statement and vote with dollars for the world they want."

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'Social' investing contacts

Interested in taking a socially responsible approach to investing? Here's a partial listing of organizations you may want to contact for further information.

- Social Investment Forum, (617) 451-3252.
- Clean Yield Group, (802) 533-7178.
- Institute for Community Economics, (413) 774-7956.
- Council for Economic Priorities, (212) 420-1133.
- Co-op America, 1-800-424-2667.
- Franklin Research and Development, (617) 423-6655.
- Investor Responsibility Research Center, (202) 939-6500.

Fretter needs more room

By Doug Funke
staff writer

Fretter Inc., an appliance retailer with corporate offices, a warehouse and a showroom on Schoolcraft Road in Livonia, is looking for a new building to consolidate administrative and distribution operations.

"We'd like to stay in Livonia," said John Hurley, Fretter president. "We're pretty well sold on the community. It's well run. It has good ac-

cess to the freeway."

Fretter executives see a need to nearly double the 94,000 square feet of space available in the Livonia building, opened in 1973.

The company also is exploring the possibility of relocating to Farmington Hills, Hurley said.

"WE NEED probably 5,000 square feet for office, 12,000 square feet for service and 150,000-160,000 square feet for warehouse," Hurley said.

"We built our (Livonia) facility when we had \$8.5 million in sales and about 12 stores," he said. "Last year, we had sales of \$230 million in 57 stores."

Fretter currently houses accounting and purchasing departments in Livonia; payroll, legal and personnel in Southfield; and service in Redford, Hurley said.

The company also leases a warehouse in Taylor.

THE PLAN is to consolidate all administrative and warehousing operations in one building.

Corporate officers have explored housing needs for nearly nine months, Hurley said.

The company owns the Livonia building, as well as the offices in Southfield and Redford.

The company would prefer to buy a new headquarters and lease its satellite offices, Hurley said. The company is open to selling or leasing its Livonia building after making a move, he said.

No jobs would be gained or lost with a consolidation, Hurley said. About 200 would work in the administrative office/service center, 30 in the warehouse.

Fretter, a publicly owned corporation trading on over-the-counter exchanges, had a net income of \$1.7 million on sales of \$152.2 million through the first three quarters of budget year 1989-90, said Laura Krause, a financial analyst for Fretter.



ART EMANUEL/staff photographer

Fretter Inc. executives are looking for a facility double the size of its Livonia building, opened in 1973.

Stuck in tax quandries?

To help taxpayers get a head start on their 1989 tax returns, the Farmington Hills-based Michigan Association of CPAs has supplied the answers to some of the most commonly asked questions on 1989 taxes.

What are the tax rates for 1989?

They are the same as last year. The good news is that the brackets have been adjusted for inflation. As a result, you can earn a little more money before moving into a higher tax bracket.

I served on jury duty recently and had to surrender the check to my employer. Will I still have to declare the jury-duty pay as income?

Yes. But a new tax law will enable you to take a deduction for that same amount — even if you don't itemize. As a result, you will no longer be taxed on money you didn't actually keep.

My son received a scholarship for

the past school year. Will he have to report the money as taxable income?

The answer depends on how the money is used and whether your son is a degree candidate. Scholarships or fellowships made after Aug. 16, 1986, are tax-free only for degree candidates who use the funds for tuition and course-related expenses. You can no longer exclude from income any money awarded for such expenses as room, board and travel. Nor can you exclude any funds received in return for teaching or research services — even if they are required for the degree.

I sold some stocks this year. How do I figure out how much capital gain or loss I need to report.

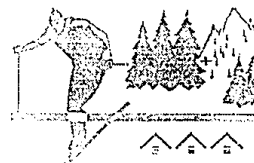
Basically, you calculate the amount of gain or loss by subtracting the amount you paid for the investment from the amount you sold

it for. How much you sold it for is provided on the 1099-B form that your broker or mutual fund will send you. If you haven't received your statement by the time you're ready to fill out your return, you're not off the hook — a gain must still be reported. Keep in mind that certain activities, such as participation in a dividend reinvestment program, may make calculating gain a tricky matter.

I'm self-employed and maintain an office at home. Will I be able to deduct my business expenses?

If the space in your home is used regularly and exclusively for business and is separate from your living space, you may be able to deduct a percentage of the costs of running your house, including your utilities and even a home security system. But keep in mind that the home-office deduction may be a red flag for IRS auditors.

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