

Truth just gets in the way of a good car ad

By Dan McCosh
special writer

There has been a disturbing trend recently to demand truth in automotive advertising, which, if left unchecked, threatens to undermine one of the basic building blocks of a successful auto company — mainly the irrational myth and mystique fed to the car-buying public.

Best victim of this trend is Volvo, which, to dismay of everyone who thought Volvo was the epitome of tree-hugging integrity, only slightly so the right of L.L. Bean or solar power, was recently caught doctoring an ad in which a monster truck crushed a row of cars but was defeated by the Volvo in the line, which supposedly remained intact, as if someone had slipped a full can of

Bud into a beer-can crushing contest.

AS IT turned out, the Volvo ad agency had taken a backseat to the competition's roof, while adding a bit of support to their own. This caused a great deal of discomfort to Volvo customers, particularly those who were contemplating loading their golden retriever in the back and heading out to catch Mickey Thompson's Saturday Monster Truck show at the Silverdome.

Frankly, I never believed the Volvo ad to begin with. I was reared on a generation of car advertising that paid no attention to any subjective definition of truth — and made even less sense.

I marveled at the ad that showed a Chevrolet on a tropical reef but never dreamed they drove the thing out



auto talk
Dan McCosh

there, even with a lot of air in the tires. Likewise, the one where the car ended up on the top of a vertical pinnacle of rock in New Mexico.

THERE ARE a few modern ads that follow the same vein today, like a Honda sticking to the wall of an art museum or the Oldsmobile bailing out of an airplane. The flying car theme, in fact, has been a bit overworked, having peaked with the shot of a pickup truck falling along with a

group of skydivers done by J. Walter Thompson a few years ago. I once got a look at some footage that showed what happens when the chute doesn't open, an occurrence that leads to a very short truck. But I digress.

The most blatantly misleading ads being shown today seem to involve the new antilock brake systems. Antilock brake systems are a marvel of technology that prevent the wheels from completely locking up when a

driver slams on the brakes too hard. THIS MEANS there is some steering control left, and the car is unlikely to spin. But what antilock brakes don't do is stop a car any quicker than conventional brakes.

This harsh reality does little to deter the ad community, however, since ad after ad shows antilock-equipped cars screeching to a stop in time to barely avoid an accident. Aside from the fact that antilock cars do not, in fact, stop any quicker, the whole point of the system is to avoid the screech of a locked brake.

ONE MEMORABLE Subaru ad actually shows the car screeching to a halt in the rain, which takes yet more doctoring of the sound track to achieve.

As I said, the best way to detect if

an auto ad is exaggerating, misleading or otherwise playing with the truth is to simply check to see if your TV set is turned on.

Meanwhile, a few caveats: Any time a vehicle leaps in the air in an ad, lands and drives away, it has been doctored. Flying cars break when they land, unless heavily reinforced.

Also, any live person close to a demonstration of brakes or maneuverability is likely a dummy, of the stuffed variety.

Another thing: If you see a video of a car bailing out of an airplane, ask yourself — who pulled the rip cord?

Meanwhile, I'm waiting for an exposure on that old Chevy ad with the reef and the tropical island. I want to see the size of that life preserver.

Estate planning saves money now

Most of us naively assume that tax planning is designed to reduce taxes only on current income. That's not necessarily true. Estate planning moves can bring payoffs while you are alive.

In this column I will discuss several tax planning ideas.

• **Charitable trust:** One of my 66-year-old clients is a widow with an investment portfolio of \$180,000. She was able to increase her income from \$10,800 to \$51,840 a year by donating her assets to the Alzheimer's Disease Foundation. The charitable trust set up for her to hold her gift until her death sold the investments tax-free and then reinvested the proceeds to generate a higher yield.

• **Annual gifts:** Many affluent individuals do not realize the tax savings they could realize if they engaged in good planning. You can give an unlimited amount each year without paying gift taxes as long as no more than \$20,000 (from both



finances
and you
Sid Mittra

spouses) is given each year to one person. For the affluent, making systematic tax-free gifts over a number of years is an excellent way of reducing large estate and cutting estate tax. Even when you exceed the limits on tax-free gifts, you may escape gift tax by using up part of your \$600,000 estate tax exclusion before your death.

• **Tax-free tuition and medical bills:** Tax laws are favorable to tuition and medical bills. These payments, in any amount, may be exempt from tax as long as the tuitions are sending a dependent to a special school and they go directly to the school or health provider and not to

the person whose expenses you are paying. Also, paying a family member's college bills could be a way to make a bequest before you die, which would save estate tax.

• **Saving on Capital Gains:** A peculiarity of the estate tax law deals with the "cost basis" of an investment. Assume you gave your son \$20,000 worth of Chrysler stock, which you originally bought for \$2,000.

Your son's selling the stock would trigger a capital gains of \$18,000 since his cost basis is \$2,000. However, if you bequeath your stock to your son after you die, and he sells it for \$20,000, he would have no tax consequence, since his tax basis would be \$20,000.

Of course, in following the strategy you should make sure that holding these stocks in your estate does not ultimately result in your paying a higher tax bill.

• **Multiple benefits from charities:** If you donate to charity now in-

stead of leaving a bequest in your will, you will earn a deduction on your current income-tax return for the gift. For instance, if you are a 65-year-old man who gives \$50,000 to a charity, you may be guaranteed \$3,500 a year in interest income for the rest of your life and, based on your life expectancy and the income you receive, you will also get a current tax deduction of about \$25,000. Furthermore, you may use tax savings from your donations to buy life insurance naming your heir as beneficiary.

I have barely scratched the surface of tax planning strategies. Consult your financial planner who can develop appropriate tax planning strategies for you.

For reservations, call 643-8888.

Sid Mittra is a professor of finance, School of Business at Oakland University and owner of Coordinated Financial Planning.

Incubator helps new firms grow

By Mary DiPaolo
special writer

As one of the nation's two incubators that exclusively support new business service firms, the Southfield Business Incubator Center helps its tenants "grow" their businesses for up to three years.

According to Carol Killion, executive vice president at the center, the business incubator alternative not only gives new companies a chance to develop and prosper while saving valuable resources but makes great sense during difficult economic times. "Incubator programs always pick up speed when things get tight and corporations begin cutting back," Killion said, "because they exist to help entrepreneurs with the practical aspects of building new businesses that last over the long run."

With most of its 35 office and cubicle vacancies now filled, the Southfield center is celebrating its fifth year in operation as a charitable non-profit organization. Charging \$165 per month for cubicle space and \$285 for a single office, tenants receive a variety of services.

Among those who have taken advantage of the Southfield program are LuAnn Castellana and Iris Driver, founders of REHAB Concepts, a vocational and medical case management firm that has been in business for one year.

"We've been very satisfied with

the center's services and the reciprocal relationships we've developed with fellow tenants," Castellana said. "But now we're in a position to move on and into our own facility. If not for the center, we wouldn't have come this far so quickly."

Prospective tenants at the Southfield center must meet three entrance requirements before joining the program. The company must be business services-oriented, it cannot currently be operating from commercially leased office space, and it must have a written business plan. If no formal plan exists, the center will help the owners with its preparation.

The Ann Arbor Innovation Center offers another alternative. Providing service to tenants since 1984, the Ann Arbor center was the first incubator operation of its kind in the U.S. Housing a mix of 14 high tech laboratory services and business service companies, tenants here receive everything from office furniture, use of kitchen facilities, and a centralized phone system to educational programs that are offered two or three times per month. Tenants also receive membership in the Michigan Technical Council.

For more information about either facility, readers can contact Carol Killion at the Southfield Center, 557-1226, or Barbara Sprague at Ann Arbor Innovation Center, 662-0550.

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