## business people

Mary Kay Cosmetics independent sales director, Linda Bird of Northville, was honored as one of the company's top achievers. In recognition of leadership abilities and sales achievements, the company awarded Bird the free use of a pink Pontiac Grand Prix LE sedan.

Kevin Archbold joined Plan Tech in Troy, an automotive project management consulting firm. He will function as a planner/scheduler on the Plan Tech team.

Joyce Jackson of Troy was appointed to the new position of director of staffing at Oakwood Hospital Corp., Dearborn.

Jerry Prosi was appointed senior vice president, account director, Audi, at DDB Needham Worldwide's Detroit office. DDB Needham Detroit is headquartered in Troy and part of DDB Needham Worldwide.

Joanne Candela and Howard Meyers were promoted to managers in the Middle Market Group of Deloitte & Touche.

Eight individuals at BBDO-Detroit, a Southfield-based advertising agency and member of the BBDO Worldwide Network, were promoted recently. Dave Duslan was elected vice president; Lyn Wethy of Bloomfield Hills was promoted to Dealer Association Media Manager for the United States; Libby Dietrich and Joe Giacalone were promoted to media supervisors from senior media planners. Dietrich is a resident of Plymouth; Kathy Andrews-Keating was promoted to senior media planner, Dodge Truck account; Beth Finney of Farmington Hills was promoted to senior broadcast buyer; *Courtney Strang was promoted to* media planner, Dodge Car account; Lisa Burrows moves to senior budget controller from media budget coordinator.

Howard Meyers

Joyce Jackson

Kevin Archbold

Jerry Prosi

Mary Joseph, David Caplan and Kimberly Tessmer of Farmington Hills, are among 17 members of the Detroit Chapter of the Public Relations Society of America who have earned Accreditation. Joseph is manager of financial services at Ford Motor Company; Tessmer is a public relations representative for National Bank of Detroit; Caplan is manager of manufacturing public *affairs for Ford Motor Company.*

David Leeds of West Bloomfield was named a partner in Ernst & Young's Detroit office. He will also serve as the director for the real estate and mortgage banking practices in both Eastern Michigan and for the North Central region.

Mark Van Slooten has joined the law firm of Kaufman and Payton as an associate in the firm's Grand Rapids office. Kaufman and Payton is headquartered in Farmington Hills.

Dr. Milton Mutchnick of Bloomfield Hills was named chief of gastroenterology at Harper Hospital in The Detroit Medical Center. He is also professor of medicine, and director, division of gastroenterology, Wayne State University School of Medicine, previously served as chief of gastroenterology at Hutzel Hospital.

Steven Ilmer of Farmington Hills was appointed associate dean for research in the College of Education at Wayne State University.

Randy Gower was hired to be vice president of marketing with Retail Resources Inc., an IBM Business Partner in Rochester Hills.

Arlene S. Dalida of West Bloomfield was promoted to vice president in the controllers department at Manufacturers Bank.

Richard Farkas has joined Somanetics Corp. in Troy as vice president. Somanetics designs, manufactures and markets computer-based medical monitoring and diagnostic equipment.

Michael McLaren was named president of Computer Professionals Unlimited Inc. of Farmington Hills. The company specializes in systems and support for computer hardware, software, networks and operating systems and designs and installs reliable and easily expandable network cabling systems.

David Patterson was named vice president of management information systems at Allnet Communication Services Inc. in Birmingham.

MIDA Dental Plans Inc. in Southfield, a national leader in managed dental care programs, appointed James Bolitho as national sales vice president.

Robert Adams was promoted to vice president-personal trust, at First of America Bank-Southeast, Michigan's Trust and Financial Services Division. He will be headquartered in Birmingham.

## datebook

● **MORE PURCHASING**
**Thursday, Nov. 21** — National Association of Purchasing Managers of Metro Detroit meets at 5:15 p.m. at the MSU Management Education Center, 811 W. Square Lake Road, Troy. Fee: $25. Information: 313-773-3737.

● **STILL MORE PURCHASING**
**Thursday-Friday, Nov. 21-22** — "Purchasing and the Law" presented 8 a.m. to 5 p.m. at the MSU Management Center in Troy. Non-member fee: $345. Information: 313-773-3737. Sponsor: National Association of Purchasing Managers of Metro Detroit.

● **GREATER SALES**
**Thursday, Nov. 21** — "Increasing Your Selling Power" 9-11:30 a.m. in Troy. Fee: $50. Information: 689-4094. Sponsors: Business Enterprise Development Center, U.S. Small Business Administration, Service Corps of Retired Executives, Oakland County Economic Development Division, Troy Chamber of Commerce.

● **BUSINESS OF DIVORCE**
**Thursday, Nov. 21** — Free seminar on family legal matters for business lawyers begins at 8 a.m. at the Townsend Hotel in Birmingham. Advance reservation and information: 642-7880. Sponsor: Buesser, Buesser, Blank, Lynch, Fryboff & Graham.

● **APPRAISING PROPERTY**
**Thursday-Sunday, Nov. 21-24** — "Introduction to Real Property Valuation" for appraisal relicensure offered in Troy. Information: 689-8282 Ext. 260. Sponsor: Walsh College.

● **HOMEBUYERS SEMINAR**
**Saturday, Nov. 23** — Homebuyers seminar with information about real estate, mortgages, credit, house inspection, racial composition of schools and neighborhoods will begin at 9:30 a.m. at the Oakland County Center of Open Housing, 30600 Telegraph, Suite 1233, Bingham Farms. Free. Information: 647-0577. Sponsor: Oakland County Center for Open Housing.

● **BETTER DECISIONS**
**Monday, Nov. 25** — "Effective Decisions: How to Make Them Right the First Time" 7-9:30 p.m. at the Sheraton Southfield Hotel. Fee: $35 in advance, $40 at the door. Information: 313-362-2424. Sponsor: Yes . . . A Positive Network.

● **GETTING A LOAN**
**Tuesday, Nov. 26** — "Strategies for Obtaining a Business Loan" 8:30 a.m to 12:30 p.m. in Troy. Fee: $20. Information: 689-4094. Sponsors: Business Enterprise Development Center, U.S. Small Business Administration, Service Corps of Retired Executives, Oakland County Economic Development Division, Troy Chamber of Commerce.

● **INVESTMENT SEMINAR**
**Tuesday, Nov. 26** — Free seminar, "Tax Advantaged Alternatives to Traditional Savings Plans That Offer Competitive Rates," presented 7-9 p.m. at the Southfield Radisson, 1500 Town Center, Southfield. Information: David Sumner, 313-746-4500. Sponsor: Dean Witter Reynolds Inc.

● **FINANCIAL EXECS**
**Tuesday, Nov. 26** — Retail Financial Executives Group meets at 5:30 p.m. at the Fox & Hounds, 1560 N. Woodward, Bloomfield Hills. Nonmember fee: $25. Information: Mary Ralston, 568-9312.

● **MANUFACTURING MANAGEMENT**
**Monday, Dec. 2** — Free information night about production and manufacturing management certificate program 6:30-7:30 near Rochester. Information: 131-370-3120. Sponsor: Oakland University.

# Don't overlook property in retirement plans

Continued from back page

staying power to hold onto the properties until the market turned around. Without significant assets to draw upon, she could possibly be forced into a "fire sale" simply because she needs the cash.

A RELATED ISSUE is the inherent illiquidity of real estate. Although real estate can always be sold, maximizing the sale price requires a patient seller. Should a sudden financial emergency arise, Thorp might have no other option except to either sell a property or go further into debt, which is clearly not an ideal situation.

Third, the properties require significant time and energy to keep them rented and maintained. Thorp has much of the work done by hired help, but it still takes a significant amount of her time. This may become an even more significant issue for her as she gets older.

In the last 12 months, the $25,000 property provided her with an income of $3,126, which is a 12.5-percent yield. Similarly, the large property provide her with a 12.5-percent on equity, and the $80,000 property provided her with an 8.5 percent cash-flow yield.

Because these properties are operating well, and also because of the adverse tax consequences of a property sale, we would conclude that the advantages of holding onto the properties outweigh the disadvantages. Hopefully, over time the income will continue to increase as should the value of the real estate itself.

BUT THORP SHOULD realize this is a somewhat more aggressive investment strategy than perhaps she would prefer. Therefore, any other assets she accumulates should be kept in relatively secure and liquid (available) investments.

Ultimately, the income from these properties could be one of the cornerstones of her retirement income. Along with her modest pension and Social Security, it provides a solid foundation of income. But there is still an income shortfall. For this, she will have to rely on additional savings between now and retirement.

Her only current retirement savings are contributions of $67 per month to her company's thrift and stock plan at work. She has allocated these after-tax dollars toward the purchase of company stock.

We would strongly suggest she place any new contributions into the company's 401(k) plan, which allows her to contribute tax-deductible dollars. She should also increase the rate of contributions to at least $200 per month. This will begin to form a basis of a more solid retirement savings program.

Upon retirement, it is likely that Thorp will receive a lump sum distribution of these savings. Under current tax laws, she would have the option of a very favorable tax treatment of this lump sum distribution: 10-year forward averaging. Under special tax rules, a distribution of $25,000 would be subject to a low 7.2-percent tax rate or about $1,800. The remainder of the money would then be hers free and clear.

Additionally, she should use a portion of the income coming in from the properties to pay down debt and establish more substantial cash reserves of perhaps $5,000 to $10,000.

SHE MIGHT WANT to consider refinancing the debt on the one income property that has a mortgage. Currently, it is an adjustable-rate mortgage at 10-percent interest. In the current favorable interest rate environment, she may want to lock in a fixed-rate mortgage. At the same time, if she wanted to increase her liquidity or pay down some of her other debt, she might be able to pull out some of the equity in the property. That is, she should take out a higher mortgage than the $72,800 currently due, leaving her with additional cash to pocket or pay off other debts.

To the extent that she wishes to delay retirement past 65, it will be to her benefit. Not only will her pension be slightly larger, but her income from Social Security and savings will also increase. This could be the difference between a comfortable retirement and one in which she barely manages to get by.

Thorp is worried that she has made no provision for long-term health care needs. Her medical costs and doctor bills will be covered by Medicare in retirement. But she also is aware that Medicare does not cover the cost of convalescent care or nursing home care. An extended stay in such a facility would quickly deplete Thorp's assets and perhaps force the sale of her income properties.

She should consider the purchase of an insurance policy designed to provide coverage for the possibility of long-term care. The policy should have an automatic yearly benefit increase and be guaranteed renewable.

THE PREMIUMS for this coverage are fixed at the time the policy is purchased. A number of companies set their rates much higher at age 60 than at age 59. Therefore Thorp could save as much as 30 percent in premiums if she applies now before her 60th birthday. At her present age, this policy might cost perhaps $60 per month.

Thorp also needs to take a closer look at her estate plan. She has a will that has been reviewed recently, but she has done no other estate planning. This could become a problem if she is incapacitated or for any reason becomes unable to manage her assets by herself. Someone would have to petition the probate court to have her declared incompetent, and a guardian would then be appointed. This can be a long, draining and sometimes difficult process.

It could be avoided through the drafting of a durable power of attorney and possibly a revocable living trust. In Thorp's situation, such a trust would not be for estate tax savings; rather it would be put into place to provide ongoing management of her assets upon incapacity or death and to avoid the costs and delays of probate.

*Dan Boyce, a certified financial planner at the Center for Financial Planning in Southfield, has been recognized by Money magazine as one of the top financial planners in the nation. Alan Ferrara is a partner in the Farmington Hills law firm of Couzens, Lansky, Fealk, Ellis, Roeder & Lazar. Both have served in leadership roles in financial planning professional organizations.*