Retirement *from NEXT PAGE*

forward averaging; 3) five-year special averaging; and 4) allow the money to remain in the GM plan until a later date. The five- and 10-year averaging methods of taxing retirement distributions generally provide that such distributions are taxed at lower rates.

But for George, even the 10-year averaging calculation results in a significant $42,000 immediate income tax bill. Because it doesn't appear that George and Helen will need to use a significant lump sum amount for his GM plan at retirement, we would suggest that either the IRA rollover option or leaving it in the GM plan (with the intention of rolling it over to an IRA later) are his best strategies.

It is possible that the tax rate George will use in playing future IRA withdrawals will be higher than the rate paid using 10-year averaging, but the interest earned on the $42,000 of deferred taxes still in his account more than offsets the additional tax liability. In fact, over his life expectancy, we project that he will be able to generate at least $30,000 of additional after-tax income using the IRA rollover.

Allocation questioned

We are somewhat concerned about the placement of assets in George's 401(k) plan if he expects to take a lump sum distribution/IRA rollover option. At the time of distribution, George may receive the shares of GM stock in his 401(k) account, and he can then roll the shares over to an IRA.

But the rest of the account will be paid to him in cash. GM is required to liquidate his stock fund account (currently $73,000) at whatever the account value is as of his retirement date. If the stock market moves sharply downward the month before he retires, he faces a lower payout.

As a result, we recommend that George begin a program of moving assets from the 401(k) plan's diversified fund into the guaranteed income fund. This locks in the profits that he made in the strong stock market of the past several years. The potential risks of a weak market two years from now are far greater than the potential incremental returns of staying in the stock market. If George wants to hedge his bets, he might want to transfer perhaps half of that account now and the remainder at a later date, rather than making the switch all at once.

The Szabos' other assets are very well placed. But they might consider shifting their cash reserves, currently in a taxable money market fund, into a tax-free money market fund. They might even want to consider a Michigan tax-free money market fund, which would be especially appropriate if they are subject to Michigan intangibles taxes.

Long-term care

While the Szabos, in general, have good health insurance, they have no long-term care insurance. They might want to consider buying coverage. Health care and nursing costs continue to soar and can drain a significant amount of assets that would otherwise have been satisfactory for retirement needs. If George and Helen are both healthy, they should consider buying long-term care insurance to protect their substantial nest egg from deterioration due to health costs. Carefully review policies to determine expenses covered by the policy, any exclusions and applicable waiting periods.

George and Helen, like many couples we see, are overwithholding on their income taxes. They received a refund of almost $1,500 on their federal return and an additional refund on their state return. They should adjust their withholding so they receive more money in their paychecks rather than giving the federal and state governments an interest-free loan.

The Szabos have a mortgage with a balance of $16,000 at an interest rate of 7 percent, which will be paid off in 1998. They ask us, "Should we pay off this mortgage before retirement or just continue to pay the regular payments through 1998?"

We don't consider this a major issue in their planning. If they would feel more comfortable with the mortgage paid off, we don't oppose adding to their piece of mind by being debt free. Otherwise, we suggest simply continuing to make the mortgage payments each month as long as they can manage this payment within their retirement cash flow budget. The tax-deductible interest at 7 percent is not a high price to pay for being able to keep an additional $16,000 invested.

George and Helen have positioned themselves well for retirement. By refining the good planning done in the past, they will have the resources to do many of the things they didn't have time to do while they were working.

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.

Kiosks *from NEXT PAGE*

"Generally, they have lower overhead, better exposure, specialization," he said. "Usually, they're less expensive to construct and generally less expensive to run."

George Warren has operated a fashion jewelry store at the only kiosk location in West Bloomfield's Orchard Mall for six years. He sees a couple of big benefits from both a customer's and retailer's perspective.

"A person doesn't have to feel funny if they want to look. They don't feel as trapped as when they walk into a store. It's not as confronting," Warren said.

"For me, I don't feel like I'm stuck inside. As people go by, there's always something different happening. I love it," he said.

The kiosk format even gets an endorsement from an unlikely source — Bob Taffs, a sales representative for Classic Door & Lite. He has a desk, phone and several door models in a corridor at Livonia Mall.

"We get a lot of response," he said. "We used to be in a showroom on Rochester Road in Troy. We'd get a few walk-ins a day. In a mall, you get hundreds of walk-ins a day.

"Being in a showroom in Troy, by the time they (customers) see you, they'd drive past," Taffs said. "Here, they're in the mall already. They walk by and say, 'Can I take some brochures?' They say, 'We're thinking about doors.'

"Three or four months down the road, they realize they need one and say, 'I know where they are.' "

Taffs said seven sales calls were set up through his kiosk in a three-day period.

Kiosk operators can pay more per square foot than in-line store operators, said Frederick Marx, a Farmington Hills marketing consultant. Rents for kiosks generally are based on square footage and percentage of sales.

"They have much more visibility. They show from four sides. You literally pass through their store (walking by)," Marx said.

But not all landlords want them, especially in upscale malls.

"I think there are reasons for not allowing them," said Jeffrey Green, president of a retail consulting firm in Troy. "Number one, it clutters public areas and number two, some retailers don't like the idea of competition.

Kahn doesn't believe that kiosks are accepted by in-line store operators. "They generally don't like kiosks because they take the impulse dollar away."

Other analysts don't see much cause for rivalry.

"I don't think in-line stores have a problem in that they (kiosks) are creating a larger relationship focus," Green said. "People see it as a larger center."

"They're a good point of entry," Marx said.

Kiosks tend to be fairly profitable, most analysts and operators agree.

"They're certainly much more effective at holiday times when there are more shoppers," Green said. "They're very highly specialized with much more impulse buying than destination stores."

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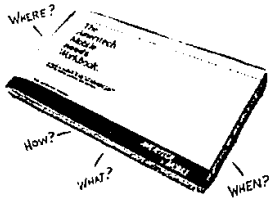

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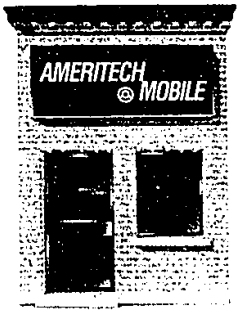

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