

BUSINESS

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THURSDAY, OCTOBER 15, 1992

SUBURBAN BUSINESS LEADERS

Victor E. Burgess of Beverly Hills has been appointed National OEM sales manager for Ziebart Products Group, a division of Ziebart International Corporation. He will be responsible for enhancing sales and emphasizing customer relations.



Victor E. Burgess

June West of Rochester has become a vice president at Brogan & Partners in Detroit. In her position she will be responsible for a variety of accounts including St. Joseph Health System, Michigan Department of Public Health, Henry Ford Health System and the Michigan Association of Local Public Health.



June West

Angel Bakos of West Bloomfield, public relations marketing consultant, has been appointed to the United States Department of Education review panel evaluating grant proposals for its urban community services program.



Angel Bakos

To submit materials to this column, please send a brief biographical summary along with a black-and-white photo, if possible, to: Business Editor, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia 48150.

Direct sales homes in on customers

With more demands on their time, some shoppers are skipping the malls and letting the stores come to them in the form of direct sales companies.

By GERALD FRAWLEY
STAFF WRITER

It started with the Fuller brush man and the concept of the door-to-door salesman. Knocking on doors and peddling wares to housewives was at one time as common as the crowded parking lots at Oakland Mall.

While direct sellers — as they call themselves now — are not as numerous or as large an industry as traditional retailing, they are a force to be reckoned with.

Their salespeople are your neighbors; their department stores are your living rooms.

Carol Kuhn of Westland, a sales representative with Lady Remington Fashion Jewelry, is among the ranks of a growing number of direct selling representatives for companies that have decided to forego traditional sales outlets.

Used to be an account representative for Xerox," she said. When she and her husband decided to begin a family, Kuhn decided she still wanted to work.

It's more than just the flexibility offered by direct selling that attracts her and others to direct selling. "The pay is excellent and the fringes are excellent."

Some people make well into six figures as direct sellers, Kuhn said. Most people don't make that much, she said, but many do well in what is



GUY WARDEN/STAFF PHOTOGRAPHER

Party plan: Ron and Betty Dunbar (standing), direct selling agents for L'Arôme, try their sales approach on Edsel (left) and Gerrie Davis, Regina Carter, Liz Yest and Sherree McKinney.

essentially a part-time job.

But pay isn't the only thing, Kuhn said. "You have to be a super salesman at a corporate level. They don't do it the same (in direct selling)."

Direct selling companies reward their representative with trips, prizes and bonuses. The direct selling companies also regularly sponsor seminars on sales and business strategies.

"We have a lot of fun," Kuhn said. "We (the direct selling agents) feel appreciated."

The job is also a social outlet for both the direct seller and the customer, she said. But direct selling is still a business.

Kuhn was recently promoted to region manager. From June 1991 through May 1992, she personally generated more than \$100,000 in

sales, the highest in the company. Her division generated more than \$345,000 in sales, the second highest in the company. She also was appointed to the Lady Remington Advisory Board.

Service sells

Betty and Ron Dunbar, direct sales See DIRECT SALES, 2C

Full menu of life insurance choices merits careful study

By DANIEL BOYCE
and ALAN FERRARA
SPECIAL WRITERS

Since this column began, we have been assisting our readers in analyzing their financial needs and suggesting planning techniques that will help provide for a sound future. We often discuss the benefits of life insurance and how it relates to the total plan. This month, we would like to talk about life insurance in general, including the types of life insurance, situations where life insurance is beneficial, and how to determine how much life insurance you need.

Although there are different situations where life insurance is beneficial, the primary benefit of life insurance is to provide an accessible liquid source of cash and to provide for your dependents after your death. It may also be needed to pay for funeral and administration expenses as well as federal and state estate taxes.

The most common form of life insurance is called term insurance. With this type of insurance, you are a buying only a pure death benefit. The premium you pay brings you a provision that at your death a specified amount of proceeds will be paid to your beneficiaries. Other than at death, there is no value to the policy.

Term policies are often "renewable" or "convertible." A renewable policy offers a provision that allows you to continue to be insured without annual proof of insurability through a medical exam.

For example, if you had a renewable policy and were diagnosed with cancer, the insurance company would be required to cover you as long as you paid the premiums. Because you are covering the pure death benefit with a term policy, the premium cost grows ever higher as you get older.



The convertibility feature allows you to switch to a permanent policy, thereby guaranteeing insurability and most likely leveling off the insurance costs.

Term has its place

Term insurance is usually appropriate for those who have a temporary need for life insurance such as to pay off debts or establish an educational fund for children.

Many people have heard the advice, "Buy term insurance and invest the difference between the lower cost of that term insurance and the higher cost of a permanent insurance policy." That may be good advice for those with the discipline to actually invest that difference for their future. But for many people, that phrase becomes, "Buy term and spend the difference."

All forms of permanent insurance are structured to have affordable premiums late in a policy owner's lifetime. This is achieved by setting up a cash reserve (savings portion) that can be used in later years to offset increasing costs. This savings portion of the policy is your forced investment for your future.

Permanent policies generally guarantee a low minimum rate of return on the portion of the premium that is invested, and they provide for higher returns to the extent that the company's assets earn a greater rate of return. This

is true of traditional whole life permanent policies.

Form of investment

In recent years, insurance companies have been selling "interest sensitive policies" that allow you to select the types of investments in which your savings portion of the premium can be invested. Some of these policies also allow for some changes in the face value (death benefit) of the insurance. Different types of policies have different risks associated with them.

Many people have group life insurance through employers or associations. This is a type of term insurance policy that will cover an entire group. It should be considered when determining how much personally owned insurance is needed, but keep in mind that if you terminate employment, or sometimes after a certain age, that coverage is eliminated or decreased.

Another type of life insurance that is being sold today is a survivorship policy. This policy insures the life of both the husband and wife, and pays policy proceeds only on the death of the second of the two to die. It is primarily designed to provide funds to pay estate taxes, which are normally due when the second of a husband and wife dies and the estate is sizable.

How much insurance a person needs depends on the individual situation. Insurance is helpful in paying any expenses of death and taxes, but it is more often used to provide a fund to assist dependents. In determining how much insurance you need, it is a good idea to determine your current liabilities (such as mortgages and other debts), add to this number any future liabilities, such as pos-

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Tips to manage insurance maze

Here are some points to consider in reviewing life insurance needs:

■ Determine your insurance needs as if you were going to die today, but also include an extra amount to offset inflation.

■ Select an agent who is competent and trustworthy. Talk with friends, your attorney or your accountant to get referrals of insurance professionals.

■ Compare costs carefully, taking into consideration whether premiums remain level whether they increase or decrease over time.

■ Only buy the amount of life insurance that you really need and can afford.

■ Buy insurance only from quality companies, and ask the

insurance professional to compare the ratings of that company with other companies.

■ Review your coverage periodically, especially when there is a change in your family situation, to be sure that your insurance needs are still being met.

■ Let your beneficiaries know where the life insurance policies are and who should be contacted.

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