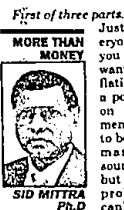


# Stock market investment: No risk? No problem

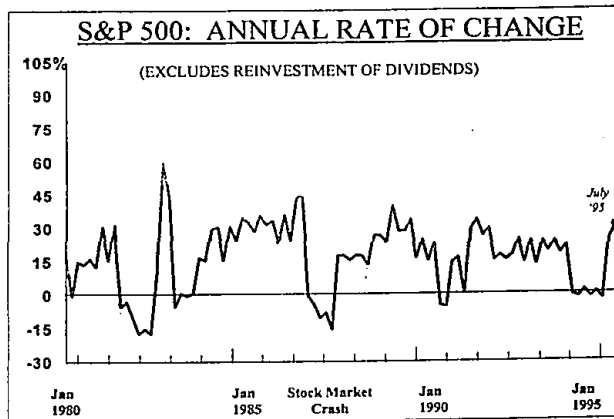


**MORE THAN MONEY**  
Just about everyone will tell you that if you want to beat inflation and have a positive return on your investment, you've got to be in the stock market. That sounds just fine, but there's one problem. You can't sleep at night wondering how much of your hard-earned dollars will have disappeared by the time the market closes the next day. The accompanying chart showing wild fluctuations in the S&P 500 clearly demonstrates this point.

Until now, you have had no choice but to bite the bullet and risk your money in stocks if you wanted to participate in the stock market. But now there is good news. A new product is now being offered by a few companies which I will call AWAIT (Annuity With An Interesting Twist). This annuity product lets you participate in the stock market while eliminating market risk. Interested? Then read on. In the following pages, I will present a "typical" product offered by ABC Co. (not a real name) that has the features of AWAIT.

## Guarantee of AWAIT

The structure of AWAIT is simple and straightforward. If you purchase AWAIT today and the S&P 500 goes up, on the anniversary date your account will be credited by an amount equal to 85 percent of the increase in the S&P 500 over that period (one year from your policy's anniversary date), subject to a maximum cap rate of 14 percent. For example, as revealed by Table 1, if S&P 500 goes up by 10 percent during the first policy year, your account will grow by 8.5 percent (85 percent of 10 percent). Consequently, you will start year two a base that is 8.5 percent higher than the original investment. For instance, if you put in \$100,000 today, and during the first year the S&P 500 grows by 10 percent, then at the beginning of year two your invest-



ment will be worth \$108,500 (\$100,000 plus 8.5 percent or \$8,500). Similarly, if S&P 500 increases by only 2 percent, your investment will grow by 1.7 percent (see Table 1).

In this connection, an important caveat should be added. No matter how much the S&P 500 rises in a year, the maximum percentage increase in your portfolio during a given year is limited to 14 percent. This is clearly revealed by Table 1.

Regardless of how poorly the stock market performs, your policy value can NEVER GO DOWN. So, in a down market, your values will not be affected by movements in the market at all. That's all there is to it. For instance, if today on your policy anniversary day the value of your policy is \$108,500 and S&P 500 declined by 8 percent over the next 12-month period, your policy value will remain unchanged at \$108,500 as from now.

AWAIT is a no-load product. That is, there is no up-front charge, or load, associated with this product. So if you place, say, \$50,000 in AWAIT, then the entire amount (\$50,000) will start

working for you.

As is always the case with annuities, AWAIT is a long-term product. More specifically, after the first year, you are allowed a 10 percent free withdrawal at any time without paying a surrender charge. Anything over that amount is subject to a flat 8 percent surrender charge that remains fixed at 8 percent for each seven-year term. However, even here there is a bit of a good news. An example should make this clear.

Let us assume that you put in \$100,000 five years ago and during the last five years S&P 500 has been relatively flat. As a result, the current value of your policy is only \$102,000. It is little wonder that you are fed up with it and want to dump the policy. If you do that, the company guarantees that it will pay you the greater of Option 1 or Option 2. Table 2 reveals that since Option 2 gives you a higher value, the company will pay you \$104,335, truly an attractive aspect of the policy feature. Put differently, in Option 2 the company completely waives the surrender charges and guarantees a minimum of 90 percent of

the initial payment, plus a compounded annual return of 3 percent. So the bottom line is that during several years, depending upon how the stock market behaves, while you may not make much money, after four years you would never risk your principal.

It is important to reiterate that the surrender charges disappear after each seven-year period, at which point you have a 45-day window that you can use to withdraw your money from this investment without paying any surrender charges.

Next week: More on AWAIT. If you have a question regarding AWAIT, please write to: Dr. Sid Mittra, School of Business, Oakland University, Rochester, MI 48309. Include a self-addressed, stamped envelope for reply, and mention your daytime phone number in preparation of the article. Dr. Mittra benefited from thoughtful criticism and suggestions from Ronald B. Boscow, CLU, ChFC, owner, Boscow Brokerage Insurance Agency, Inc., Scituate, MA. Oakland University Professor Jerrold Grosman critically reviewed this article.

TABLE 1  
RETURN ON AWAIT ANNUITY

S&P 500 ASSUMED ANNUAL RETURN	AWAIT ANNUAL RETURN
(1)	0.85%
1%	1.70
2	3.40
4	5.10
6	6.80
8	8.50
10	10.20
12	11.90
14	13.60
16	14.00*
18	14.00*
20	14.00*

\*Maximum rate allowed by the company in any policy year is 14.0%.

Notes: 1. In this illustration, the participation rate is assumed to be 85%, which is the current rate offered by the company.  
2. It is not possible to directly invest in S&P 500.

TABLE 2  
CONSEQUENCES OF SURRENDERING AWAIT

1995: Original Principal of \$100,000  
2000: Current Value: \$102,000

### Option 1: Surrender Charges

Current Value:	\$102,000
Less 10% free withdrawal:	10,200
Net amount:	\$ 91,800
Less 8% Surrender Charge:	7,344
Net Amount Payable to You including the free withdrawal:	\$ 84,456

### Option 2: No Surrender Charges

Original Principal:	\$100,000
90% Base Value:	90,000 (90% of \$100,000)
3% Compound Annual Growth:	104,335
Net Amount Payable to You:	\$104,335

Special Note: Option 2 waives all surrender charges.

## New emergency center to open at St. Mary

The new emergency center at St. Mary Hospital is getting ready for full operation in September.

The center was dedicated recently and community open house was held.

The Most Rev. Walter J. Schoenherr, auxiliary bishop of the Detroit Archdiocese, blessed the center during dedication ceremonies recently.

The \$3.8 million project was designed by Albert Kahn Associates Inc., of Detroit, and built by Barton-Malow of Southfield.

With new Prompt Care Services, additional space and direct access from Levan Road, the center has the capacity to accommodate more than 35,000 emergency visits a year.

The design of the new Emergency Center reveals a modern, expanded facility with more convenient access from Levan. The new center at about 17,000 square feet has about double the space of the former emergency facility.

Patients will be directed to the Triage Area for assessment after entering through the wheelchair-accessible revolving door or ambulance entrance. Three registra-

### The design of the new Emergency Center reveals a modern, expanded facility with more convenient access from Levan.

tion areas will be staffed — two traditional emergency center registration areas and a Prompt Care registration area for patients with minor injuries or illnesses.

A family waiting area near the front of the center and a children's waiting area with scaled-down furniture, a TV and VCR, are available for family members and visitors.

Individual treatment areas feature sliding glass doors that will provide increased privacy for patients and visibility for physicians and staff. The center includes four trauma areas, four observation/treatment areas, three beds designated as the chest pain center, and five prompt care treatment areas. A privately located family quiet room also is available.

Other areas will be equipped for isolation, decontamination,

paramedic/police, radiographic (X-rays) room, and orthopedics (casting).

The Prompt Care area specializes in the rapid evaluation and treatment of patients with minor illnesses and injuries. Specific criteria are used to determine which patients are directed to Prompt Care.

Since many patients who arrive at the Emergency Center are suffering from chest pain, three of the center's observation/treatment areas are equipped to provide rapid evaluation of undiagnosed chest pain. The chest pain center in the new emergency center provides state-of-the-art cardiac diagnosis, monitoring and treatment.

New signs clearly highlight the entrance to the center, and parking is close to the center entrance. Renovations have resulted in an

additional 110 parking spaces.

"Completion of the new Emergency Center is the first phase of a \$36 million construction project to help St. Mary Hospital achieve its mission of 'building the future' and responding to the health needs of the community," said Sister Mary Benetta, executive vice president and administrative liaison for the project.

The expansion project includes a two-story West Addition that will be home to a maternity center featuring Labor, Delivery, Recovery and Postpartum rooms, a state-of-the-art surgical suite and a new Women's Center.

The West Addition is scheduled for completion in spring 1997.

A new Pavilion entrance, to be finished in November 1995, is being built at the south end of the hospital.

Established in 1959 by the Pellen Sisters, St. Mary Hospital is a 304-bed community hospital that provides family-centered care with a broad array of services. The hospital has been affiliated with Beaumont Hospital in Royal Oak since April 1992.

## BUSINESS MILESTONES

This column highlights promotions, transfers, hirings, openings and other key business news with a Farmington-area connection. Send a brief biographical summary — including the towns of residency and employment — to: Business Editor, Farmington Observer, 33411 Grand River, Farmington 48335. The Observer's fax number is 1-810-477-9722.

Stan Farmington, CEO, The Robert Carter Corp., has announced the promotion of Kip Schultz of Farmington Hills from CAD detailer to engineer. Schultz's duties include Computer Aided Design piping layout and engineering projects. He has been with the Robert Carter Corp. since 1977. He completed his five-year apprenticeship in 1977 with Pipe Fitters Local 636.

This past June, Schultz graduated cum laude with a bachelor of science degree in mechanical engineering from Lawrence Technological University, Southfield. He belongs to national Tau Beta Pi Honor Society.

Ajay Gupta, M.D., of Farmington Hills has joined the staff of Henry Ford Hospital's Department of Nephrology and Hypertension.

Prior to joining Gupta, Farmington Hills has joined the staff of Henry Ford Hospital's Department of Nephrology and Hypertension. Gupta was director of the Dialysis Unit at the Veterans Affairs Medical Center in Birmingham, Ala.; assistant professor of medicine at the University of Alabama at Birmingham and an attending physician at the University of Alabama Hospital.

He received his M.D. degree from the All India Institute of Medical Sciences in New Delhi. He is a member of the American Society of Nephrology, the International Society of Nephrology and the American Society for Bone and Mineral Research.

Diana Corral of Farmington Hills is helping Chrysler Corp.

launch its all-new Chrysler Town & Country minivan by appearing in a national advertising campaign designed to capture the enthusiasm the Chrysler minivan platform team members have for the totally redesigned vehicle. Corral was one of seven Chrysler minivan platform team members selected to participate in the shoot, held last February in Los Angeles, for her commitment and hard work on behalf of the program.

Vincent M. Brennan, a Farmington Hills Realtor, has been awarded the Certified Residential Specialist Designation by the Residential Sales Council of the Realtors Brennan National Marketing Institute, an affiliate of the National Association of Realtors.

Brennan is a sales associate with Realty Professionals in Farmington Hills. He is a member of the Western Wayne and Oakland County Board of Realtors and also a panel member of the Professional Standards Committee, a life member of the Million Dollar Sales Club, a second generation Realtor and has been a full-time Realtor for more than 25 years.

Kendall Rubberg of Farmington Hills has been named associate of Gunn Levine Associates. He is a project manager of numerous health care projects throughout southeastern Michigan.

Angie Calano of Farmington Hills has been promoted to assistant account executive at BBDO. A former coordinator in the BBDO traffic department, Calano has been assigned to the small car/minivan group headed by Michele White, senior vice president, management supervisor.



## 2nd Comerimart opens

Comerica Bank has opened its second "Comerimart" supermart. The bank's office in Farmington Hills in the Kroger store located at 25730 Middlebelt at 11 Mile.

It has four teller stations, an automatic teller machine (ATM) and a safe deposit vault. Comerimarts offer customers most products and services that are available at other Comerica Bank branches plus the convenience of

banking while you shop. Robert Chalifoux manages the new branch. Chalifoux has been with Comerica for 10 years. Most recently he served as branch manager for Comerica's 12 Mile-Halsted office.

Assistant manager is Helen Shonia. It is the bank's sixth office in Farmington Hills. Hours are 10 a.m. to 8 p.m. weekdays, and 10 a.m. to 6 p.m. Saturdays.

## GM vice president talk set

William Brooks, a General Motors vice president who is responsible for the corporation's diversity programs, will speak on "Corporate America's Commitment to Diversity" at 8 a.m. Tuesday, Sept. 12, at the Farmington Training Center, 23000 Thomas

St., Farmington. The free program, sponsored by the Farmington/Farmington Hills Multicultural/Multiracial Community Council, is open to the public. The address will be cablecast on MetroVision's Channel 12 throughout the month.

## Director on board



She's elected: Judy Downey, Farmington Downtown Development Authority director, was elected recently to the state board of directors of the Michigan Development Financing Association. The organization keeps a watch on legislation, that would affect finances for DDAs and similar groups.