

MORE THAN MONEY



SID MITTRA, PH.D.

Charitable giving can be easy to do

Editor's note: This is the third article in a four-part series on tax planning.

Have you ever thought about becoming a philanthropist? Being able to fund a private foundation that will help meet the needs of your community? Teaching your children and/or grandchildren the joys and responsibilities of charitable giving? Maximizing current tax benefits from your philanthropy? Perhaps you have, but then reality sets in. Private foundations are generally established by millionaires who can spare a few million dollars. But wait a minute. Even if you do not have a few million to spare, you may still be able to achieve these worthy goals by making charitable contributions.

Community Foundations - Large cities, and many smaller cities, have a community foundation. These foundations, also known as community chests, fill a unique niche. Community foundations receive donations from individuals, businesses, private foundations, or other entities, and then make grants to charities. Community foundations are public charities, and therefore, are not subject to the operating restrictions or donation limitations that apply to private foundations. (If you donate property other than publicly-traded securities to a private foundation, the income tax deduction is limited to your cost.)

Special Funds Within the Foundations - Community chests provide opportunities for donors (1) to be recognized in the community for their philanthropy, and (2) to influence which charities receive the benefit of their generosity. This is accomplished by the use of special funds within the community foundation, such as donor-advised funds, field-of-interest funds, unrestricted funds, and designated funds.

Donor-Advised Funds - These funds allow you (or your children or other designees) to recommend that the community foundation make grants to a charitable program that you have selected. Although each foundation will have its own procedures for reviewing charities and a grants committee usually makes the final decision, the recommendations of the donor are generally followed. If a donor expresses an interest in funding certain types of charities, the

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Sid Mittra, Ph.D., CFP, is professor emeritus of finance, at Oakland University, and owner of Mittra & Associates, a Troy financial consulting firm. This column was critically reviewed by Professor Jerold Grossman of OU. You can e-mail questions or comments to Sid Mittra at smittra@eonline.com.

This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary - including the towns of residency and employment and a photo, if desired, to: **Business Milestones**, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.

Roberta Black of West Bloomfield received the 1997 Telephone Marketing Excellence Award from the Direct Marketing Association Telephone Marketing Council. Black is president and chief executive officer of Dialogue Marketing in Southfield.

Adnon Dow of Southfield was appointed vice president, technical services for Sterling Heights-based The Big Net, Inc.

Dow oversees product line and services and is responsible for sales goals, quality assurance, profit and loss allocations and personnel Internet training.

Stephen Epstein, CPA of West Bloomfield was elected president of the Farmington Hills-based Michigan Association of Certified Public Accountants for 1997-98. Epstein is a partner at Coopers & Lybrand, LLP, Detroit.

Ronald Hale of Farmington was elected to the National Automated Clearing House Association Executive Committee. Hale is chairman of the Troy-based Michigan Automated Clearing House Association.



Advisor helps make millionaires



Millionaires don't necessarily live in mansions in Bloomfield. They are the teachers, laborers and secretaries that live next store to you in average neighborhoods throughout Oakland County.

BY BARR PERT TEMPLTON
 SPECIAL WRITER

Investment advisor Leon LaBrecque, of Rochester Hills, has dozens of millionaire clients but you won't find them featured on "Lifestyles of the Rich and Famous" anytime soon.

LaBrecque's wealthy clientele from across metro-Detroit have bank accounts that would shock even their friends and neighbors.

"These clients are people you would absolutely not expect to be millionaires," LaBrecque said. "My millionaires are secretaries, teachers, auto workers and engineers who live in Warren, Clawson, Dearborn Heights and Madison Heights."

LaBrecque, managing partner at LaBrecque, Jackson, Price and Roehl in Troy, is a former professor of business at Walsh College, The University of Detroit and Henry Ford Community College. He spent a dozen years sharing financial advice with friends, family members and a small circle of clients prior to opening his own firm in 1989.

When the book, "Millionaire Next Door" by Thomas J. Stanley and William D. Danko was published, LaBrecque realized much of his client list fit the scenario described on its pages. There are an estimated 85,000 households in the State of Michigan and 3.5 million household in the United States with a net worth of \$1 million or more.

Eighty percent of millionaires are first generation (no inheritance) and 50 percent spend no more than \$235 for their most expensive watch, \$399 for their most expensive suit and \$140 for a pair of shoes, LaBrecque said.

"Your average millionaire drives a pick-up truck, lives in Warren, 80 per-

A few of Investment Advisor Leon LaBrecque's tips on how to become a "millionaire next door:

■ Live below your means. Set a budget based on 85 percent of income - that way you carve 15 percent off the top.

■ Become debt free. "Getting rid of debt is a riskless, commissionless investment."

■ Use tax advantages - use your 401(k) or 403(b) to save. Take a look at the new back-loaded IRAs.

■ Invest for the long haul - worry more about your investment mix than investments picks. Long-term investors should have 40 to 60 percent in equities including international small cap and large cap.

■ Give yourself regular check-ups. Monitor and follow your plan. Simply rebalancing your portfolio can increase your return as much as one percent a year.

cent are self made and the majority are very frugal," LaBrecque said.

These non-traditional millionaires aren't just wealthy on paper. Many have over a million dollars in liquid disposable assets counting cash and investments, LaBrecque noted.

"Educators seem to follow into the frugally phase and teachers in general are pretty good savers," he said. "I've met some teachers who make \$50,000 a year but save \$20,000 of that income."

On the other end of the spectrum, LaBrecque said his experience has shown him that the stereo type belief that all doctors are millionaires is quite the opposite.

"I've found in many cases but not all, that doctors don't make good millionaires because they spend a lot and some tend to make bad investments,"



Making millionaires: Leon LaBrecque says you don't have to make \$200,000 a year to become a millionaire.

LaBrecque said. "There are very few millionaire doctors compared to the engineers who are millionaires."

Along those same income lines, LaBrecque said he may see a client from Ford Motor Company that makes \$200,000 a year but has very few significant assets. Yet another Ford employee who makes just \$36,000 annually will retire sitting atop a million plus dollars.

"That guy that makes \$36,000 a year put 25 percent of that away from the time he started working for the

company and today's he's retired and worth \$1.7 million," LaBrecque said.

Taking a percentage of your paycheck and investing it right from the start is what LaBrecque refers to as a "reverse budget." The money is taken right out and off the top so it's never really missed as household income.

James Schutz, of Romeo, endorses that philosophy and just about any other he hears from LaBrecque. Schutz has been benefiting from LaBrecque's sound financial advice

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OU president named roundtable co-chair

Oakland University president Gary Russi is the new co-chair of the Oakland Business Roundtable, a business partnership that prepares the county for the next century.

Oakland County Executive L. Brooks Patterson invited Russi to serve a two-year term.

Bob Stemple, former General Motors Corporation chair, is the other roundtable co-chair. Russi replace Patsy Fulton, former chancellor of Oakland Community College.

The 125-member roundtable, formed in 1993, reflects the best and brightest of Oakland's business, community and educational leadership. The group is broadly representative of Oakland's

diverse business interests and geography.

"I am very proud to serve on the roundtable," Russi said. "This opportunity enhances OU's ability to engage in even more active dialogue with our community and corporate partners."

"This communication enables us to better prepare our graduates for the workplace by offering exposure to the best practices on the leading edge of business, health care, education and engineering," he added.

The roundtable provides advice to the county executive on business, economic and land development matters to ensure the preservation of the county's quality of life and economic vitality.

Among the roundtable's recommendations that have been implemented are the centralization of information in the county development and planning office, the hiring of a full-time export staffer and support of the Michigan gas tax.

The roundtable meets annually to review progress, establish objectives and receive a county economic briefing from the executive and key managers.

"I am delighted Gary can join us," Jeff Kneezamak, director of community and economic development for Oakland County said. "I think Gary brings a lot of talent and energy. We like the idea of having co-chairs - one representing business and the other representing the educational community."

Michigan jobless rate drops below 4 percent in July

Rate hits record low 3.8 percent last month. For the fourth time this year, Michigan's unemployment rate has dropped to a new low. For the first time since late 1970, the rate has broken the 4.0 percent mark, dropping to 3.8 percent in July, according to seasonally adjusted estimates compiled by the Michigan Employment Security Agency (MESA).

"Michigan's economy continues to demonstrate its strength with another record low unemployment rate," Doug Sittes, acting MESA director, said. "At

3.8 percent in July, Michigan has never had a lower jobless rate, since MESA began using seasonally adjusted estimates in 1970."

The number of unemployed fell by 11,000 last month to 186,000, which was the lowest total since he same number were jobless in December 1972.

In June, 197,000 were unemployed and the statewide jobless rate was 4.0 percent. A year ago, July 1996, 233,000 or 4.9 percent were out of work.

"Employment grew by 2,000 in July,

reaching a near record 4,672,000," Sittes said.

The employment total tied the March low and is just 6,000 short of the record set in May. Since July 1996, employment has grown by 109,000 and 527,000 since July 1991.

The statewide work force slipped by 8,000 last month, declining to 4,859,000.

"Although the total number of jobs across the state was down by 7,000, the

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Oxford Automotive purchases Howell

Bloomfield Hills-based Oxford Automotive, Inc., one of the nation's leading full service Tier 1 automotive manufacturers of engineered metal components, assemblies and modules, has completed the acquisition of Howell Industries, Inc. of Southfield, Mich.

Howell Industries is a major Tier 1 manufacturer of high quality welded sub-assemblies and detailed stampings used primarily in suspension system applications. Howell Industries expects sales of over \$86 million in fiscal 1997. Howell has plants in Masury, Ohio and Lapeer and is QS 9000 certified.

The Howell shareholders approved the acquisition at a special meeting held today. The announcement was made by Selwyn Isakow, Chairman of Oxford Automotive.

"The acquisition of Howell strategically expands our customer relationships with Ford and Chrysler, and builds on our exper-

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BUSINESS MILESTONES

Dan Hutzell of Farmington Hills and Thomas Townsend of Birmingham were elected senior vice presidents of BBDO Detroit. As SVP/chief information officer, Hutzell is responsible for technology resources in the agency's Southfield and Troy offices and is developing and implementing the corporate systems strategy for BBDO's North American computer systems. As SVP Research Director, Townsend designs, implements and interprets consumer research on behalf of the Dodge division of Chrysler Corp., a client of BBDO Detroit.

Josie Hunwick of Oxford was promoted from insurance services supervisor to insurance services manager at Grant

Thornton LLP in Southfield. Hunwick has been with the company for six years.



Michael Miller of Farmington Hills was promoted to vice president-global compensation and benefits at Southfield-based Lear Corp. Miller is responsible for the design and development of compensation and benefits programs worldwide.

Joseph Longo, CFP, CLU, LIC, LUTCF, attended a five day financial services academy featuring techniques for helping individuals increase their retire-

ment incomes. Longo is president of Financial Seminars of Michigan, Inc., which delivers personal financial workshops and financial strategies for successful retirement and successful money management as part of the adult education programs at Oakland University in Rochester.

Kristen Perkins of Farmington Hills and Andrius Viskantas of Northville joined Southfield-based Stone & Simons Advertising as assistant account executives. Perkins is responsible for assisting on national advertising activities for the Lipton account. Viskantas is responsible for coordinating advertising activities for Citizens Bank and other clients.

Rosemarie Robillard of Washington Township was promoted to tax manager from tax senior at Troy-based Geisinger

& Dial, P.L.C. Robillard has been with the firm since 1995.

Matt Roche of Ann Arbor joined Bloomfield Hills-based The Berline Group, Inc. as a junior copywriter. Roche previously worked for the Livonia-based William Howard Agency and The State News in East Lansing.



Susan Strager, J.D. of Birmingham was named manager of International trade and customs services for Arthur Andersen in Detroit. Strager previously worked as a fines and penalties specialist and an import specialist for the Department of Treasury, United States Customs Service in Detroit and Chicago.

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