

MORE THAN MONEY



SID MITTRA, PH.D.

Tax forms do affect mutual fund returns

Did you realize that under your mutual fund investment rainbow is the dark cloud of the IRS?

"Why should I worry about it?" you ask. "I don't want to cash it out now."

Maybe you don't, but that won't discourage Uncle Sam from nibbling on the money you made on your mutual fund investment. Therefore, it is in your best interest to learn about how the Internal Revenue Service taxes such mutual fund gains.

In this column, the sources of mutual fund revenues and the federal tax system will be described. Next week's column will be devoted to a discussion about how the taxes on mutual fund revenues are calculated.

The IRS forms

Form 1099-DIV lists all the taxable dividend and capital gain distributions paid to your mutual fund account, even if you reinvested your distributions in additional fund shares instead of receiving them in cash.

This form also reports three other important pieces of information.

It shows the portion of your income that is derived from investments in Treasury securities. This is important because most states exempt this income from taxation.

The form also shows taxable distributions from tax-exempt (municipal bond) funds.

Also, funds with foreign investments report the foreign taxes that were paid, enabling you to take a deduction or credit for such taxes.

Form 1099-B lists all sell and exchange transactions from your non-money market mutual fund shares. It also reports federal income tax withheld due to back withholding requirements.

For tax purposes, an exchange of shares from one fund to another, even within the same family, is treated as a sell transaction from the first fund. The exchange is considered a purchase transaction in regards to the second fund. These transactions may result in short-term (shares held for less than 18 months) or long-term capital gains or losses.

Federal tax system

Our tax system is "graduated," meaning that people with higher incomes pay a higher percentage of tax on what they earn. For instance, if you are single and have a taxable

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Historic pianos at Hammell make a noteworthy exhibit

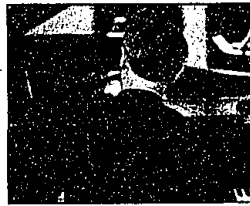
The historic pianos of Horowitz, Cliburn and Paderewski come to Hammell Music Bloomfield Hills.

Legendary piano makers Steinway & Sons, along with Michigan representative, Hammell Music, provided a once-in-a-lifetime opportunity for Metro Detroiters to see, hear, and actually play three legendary pianos.

The performance concert grands of Vladimir Horowitz, Van Cliburn and the personal Steinway vertical piano of Jan Paderewski were on display in the grand lobby of Hammell Music's new location at 4110 Telegraph in Bloomfield Hills through Jan. 2.

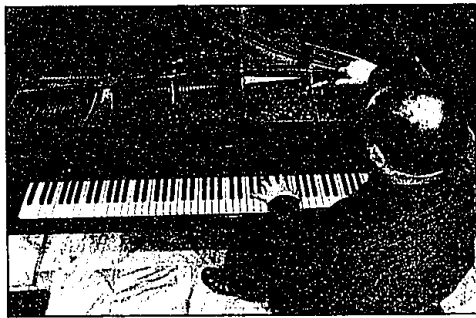
All three of these historic instruments are touring the United States during the next 12 months. Detroit area musicians called to reserve private time to play during their stay in Bloomfield Hills.

Hammell Music also hosted a concert/lecture program presented by Dr. Louis Nagel of the University of Michigan's Music School. Nagel is an extraordinary concert pianist, lecturer and musicologist. His presentation included performance of music associated with Horowitz, Cliburn and Paderewski during their concert careers.



STAFF PHOTO BY LAWRENCE B. MCKEE

Touching history: Alex Hanway, Steinway departmental vice president at Hammell Music in Bloomfield Hills, tries a few tunes on the concert grand piano that Vladimir Horowitz toured with in Russia after decades of exile from his homeland. The piano was on display at the local store through Jan. 2.



Tuning beauty: Piano tuner Dan Frank of Saginaw stopped by the store for a shot at tuning one of the display's historic, concert pianos.

Crowley's set to purchase Winkelman's

Dennis Callahan, Chairman and CEO of Crowley, Milner and Company announced last week that Crowley's, which has several stores in Oakland County, has signed a letter of intent to purchase all inventories, furniture, fixture equipment and leasehold improvements of the Winkelmans chain for cash.

Crowley's plans to operate 49 Winkelmans stores under the Winkelmans name, 41 stores in Michigan and

8 in Ohio. Each of the stores will be evaluated and viability decisions will be made on each store in the near future to determine if any need to be closed. During the evaluation process all store employees will be retained in their present positions.

Winkelmans has been operating under a Chapter XI proceeding in the U.S. Bankruptcy Court for the Southern District of New York since 1995, and the purchase will be subject to

approval by the Bankruptcy Court and completion of an auction process which should be completed within 30 days.

In the interim, Crowley's will finalize a definitive purchase agreement subject to Crowley's board approval. The Crowley's offer is not subject to any financing contingencies.

"This is a further commitment to the City of Detroit. The Winkelmans name and reputation in the market is very

Please see CROWLEY'S, E6

Retailers association says shoppers charged ahead

High levels of consumer debt did not cut into holiday sales for the overwhelming majority of Michigan retailers, the Michigan Retailers Association reported last week.

Seventy-five percent of retailers said high consumer credit card debt is not hurting their sales through Dec. 22, according to a survey conducted by the MIRA and the Federal Reserve Bank of Chicago.

The monthly survey is used to compile the monthly Michigan Retail Index. For November the index confirmed a good start to the holiday shopping season with 66 percent of

RETAIL

the state's retailers reporting higher sales than the same month last year. Another 17 percent said sales were the same as last year, meaning 73 percent recorded sales as good or better than the previous year.

"November was the fifth consecutive month that a majority of the state's retailers recorded higher year-to-year sales," said Larry Meyer, CEO of the Michigan Retailers Association and former director of the Michigan Department of Com-

merce. "The momentum of late summer and fall continued into the holiday season."

"Record consumer debt does not appear to be hurting sales," he added. "Consumers continue to use plastic because they are confident about the economy and their ability to increase their income in the coming year."

According to the Federal Reserve, total consumer debt stood at a record \$1.23 trillion in October, with revolving credit rising to an estimated \$530 billion.

Please see SALES, E6

Roth IRA savings have already begun

Thanks to Congress, about 95 percent of Americans have a chance to take advantage of a new "gift offer" that really can "keep on giving."

The Roth IRA, while not your typical stocking stuffer, allows people to save money tax-free to plan for major life events such as education and the purchase of a first home.

"A gift like the Roth IRA is like expecting one package and finding two under the tree," said Randy Boser, vice president for Retail Retirement Plans at American Express Financial Advisors. "One package is the Contributory Roth IRA that allows taxpayers to contribute up to \$2,000 a year in the account. The second is the Conversion Roth IRA, which lets people trade in their 'previously owned' IRA for the new Roth."

The real goodies in the packages have to do with taxes. Unlike a traditional IRA, when you cash in the Roth IRAs, you don't pay any taxes. (This does assume you're willing to hold your account more than five years and you're over age 59½ at withdrawal.)

If you convert from the traditional IRA to the new Roth IRA, there is some tax liability up front.

"But there's a special 'one-time offer' in 1998 on the Conversion Roth IRA," Boser noted. "Instead of paying the taxes all at once, Congress is letting us spread the taxes out over a four-year period."

Here are more details about your holiday offer:

• Is this gift only for me, or can I share it?

If you're single and have an adjusted gross income (your wages, dividends, bonuses, tips, etc.) under \$95,000, you are eligible for the Contributory Roth IRA. If you file a joint tax return and your combined adjusted gross income is under \$150,000, you

are eligible.

• What if you make more?

There's still a little something under the tree. Single people who make between \$95,000 and \$110,000, and joint filers earning between \$150,000 and \$160,000 combined can make a limited contribution.

• Okay, you say you're single and make more than \$110,000 or, as joint filers, more than \$160,000?

Sorry, you're not eligible for this. (But you are in that rare 5 percent of tax-paying Americans.)

• Must I wait until Christmas to open my presents?

No. You probably should open these packages sooner to see if everything "fits" you, based on your personal financial situation - your income levels, age, goals and tax status. By figuring these things out early, you can beat the post-holiday rush and be ready for the start-up date of the Roth IRA, which is Jan. 1, 1998.

• How much work is involved in putting this gift together?

There is "some assembly required." Think of the Roth IRA as a lovely package or container that you fill with additional goodies. You "fill" the container with virtually any investment - a CD from your local bank, stocks, bonds or mutual funds. It all depends on your own circumstances, such as how much time remains before you withdraw the money, your tolerance for risk and your financial goals.

• Who'll help me put this together?

All kinds of financial institutions are eager to sell you a Roth IRA. But keep in mind that you'll get varying levels of service.

It's wise to rely on more than one source to get good information that fits your specific needs

Please see IRA, E6

Big Buck's business is booming

Big Buck Brewery & Steakhouse, Inc. reported last week that weekly sales at the company's Big Buck Brewery & Steakhouse in Auburn Hills, reached a record high of \$238,000 for the week of December 15-21. On Friday, December 19, sales exceeded \$44,000, a new record for daily revenue.

"The Auburn Hills Big Buck opened to large crowds and the pace has not faltered. Helped by holiday parties, we set new revenue records as we served over 21,000 people in one week," President William Kolinski said.

Big Buck Brewery & Steakhouse, Inc., based in Gaylord, Mich., develops, owns and operates microbrewery/restaurants. Currently, the company operates Big Bucks in Gaylord, Grand Rapids and Auburn Hills. Big Buck Brewery & Steakhouse offers casual dining and microbrewed beers.

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 (248) 644-1314.

Julio Farstedt, of Lake Orion, has been named traffic coordinator at The Berline Group, an advertising company headquartered in Bloomfield Hills. Prior to joining The Berline Group, Farstedt worked at EDS-Chevrolet Roadside Assistance.

Glenn C. Sheets, CPA, has joined Stout Rissius Ross, Inc. as a managing director and will

head the firm's Litigation Support practice in Farmington Hills. Glenn, a Bloomfield Hills resident, formerly was the director of Cooper & Lybrand's Michigan Litigation & Claims Services practice in Detroit.

Mark McCord has been appointed director of "Value Added Business" at Cordline Plastic in Troy. McCord, who plans to relocate to Troy in the first quarter, previously served as a general manager for Cadillac Plastic's Eastern business unit.

Martin Harris, M.D., chair of the Independent Emergency Physicians Inc. (IEP), a newly-formed 20-physician emergency medical group based in Detroit,



McCord



Harris

BUSINESS MILESTONES

will be leading IEP in the Emergency Department at the new Providence Hospital in Southfield. IEP was recently contracted to staff Providence Hospital and Medical Center's emergency facilities. Harris resides in Brighton and is board certified in emergency medicine.

Bohdan Pichurko, M.D., of Troy, has joined the staff of Providence Hospital and Medical Centers as chief of Pulmonary Medicine and

strategic director of Critical Care. Pichurko will lead the clinical and academic activities at Providence Hospital in Southfield and at Providence Medical Center-Providence Park in Novi.

Ward C. Skewes, of Beverly Hills, has joined Troy's Top Source Technologies as a manager of the company's automotive dealer accounts.

Jennifer Fuller has been promoted to account executive at the Detroit office of Shandwick, a public relations consulting firm headquartered in Southfield. Fuller, who resides in Royal Oak, worked at Market Associates in Bloomfield Hills prior to joining Shandwick.

David B. Klein, a Bloomfield Township attorney, has been named shareholder at the Detroit-based firm of Blake, Kirchner, Symonds, MacFarlane, Larson & Smith, P.C. Klein represents corporate clients, insurers and individuals in liability litigation matters.

Gary L. Skog, principal and chief architecture and design officer of Harley Ellington Design in Southfield, was nominated juror for Research & Development Magazine's Lab of the Year Award Program. Skog resides in Bloomfield Hills.

Chris Freeman, of Waterford, has been promoted to the position of buyer in the Purchasing Department of Maxitrol Company in Southfield. He joined the company as an accounts receivable clerk in 1995.

Patricia Hammond, a Troy resident, has been appointed as director of the Washtenaw County Family Independence Agency, which is located in Ypsilanti. She most recently served as acting county director of the Michigan Family Independence Agency, overseeing the administration of all the organization's programs.

William Isenstein, of West Bloomfield, recently was appointed executive director of Providence Partners in Mission, a physician-hospital organization connected to Providence Hospital in Southfield. Isenstein, who will continue to serve as vice president of Managed Care Services at Providence Hospital, will provide leadership and direction to the newly-formed Providence Partners in Mission.