

MORE THAN MONEY



SID MITRA, PH.D.

To cut annual tax bill, look for ways to defer

Editor's note: This is the third article in an eight-part series on tax planning

Today's column discusses deferral strategies for pre-tax and after-tax dollars.

The third strategy of tax reduction is deferral, which refers to the action taken to defer taxes to future years. There are two main types of tax deferral: deferral with pre-tax dollars and deferral with after-tax dollars.

Deferral with pre-tax dollars

Qualified pension and profit-sharing plans for employees are essentially savings plans with two tax incentives. (1) Money saved from current income and contributed to properly qualified plans is deductible from gross income as an expense and therefore reduces tax liability. (2) The interest income, dividends, and any capital gains earned in such plans are not taxable within the trust until the participant retires and actually uses the retirement fund. The money is taxed as ordinary income when received after retirement.

A second choice relates to contributions to Keogh plans. Self-employed people with Keogh retirement plans can make tax-deductible contributions to several different kinds of plans. Self-employed people also have the right to deduct 40 percent of the cost of health insurance for themselves and their families as an adjustment to income.

A third choice of tax-deferral is an IRA. An individual who is not covered by retirement plans as well as a married employee whose adjusted gross income on a joint return falls below \$40,000 (\$25,000 for single taxpayers) can deposit annually up to \$2,000 each, or \$4,000 for a couple, in IRAs. These contributions are fully tax deductible and related earnings are tax deferred.

Furthermore, even those individuals who cannot make tax-deductible IRA contributions can make these contributions with after-tax dollars and are allowed to treat the IRA-related earnings as tax-deferred.

Qualifying small employers may offer employees the option of deferring a portion of their salary to an IRA.

Starting in 1997, a SIMPLE plan may be set up by an employer that

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Sid Mitra, Ph.D., CFP, is professor emeritus of finance at Oakland University, and owner of Mitra, Finnegan & Associates, a Rochester Hills financial consulting firm. This column is critically reviewed by Professor Jerold Grossman of OU. You can e-mail questions or comments to Sid Mitra at smitra@oonline.com.

Furniture fixer comes right to you

BY BARR PERT TEMPLETON
SPECIAL WRITER

If you've got broken chairs, tables with scratches and nicks and other problems with favorite pieces of furniture help may be just a phone call away.

Bob Thomas, of Rochester Hills, is the new owner and operator of Furniture Medic and can't wait to hop in his van and make a house call. Furniture Medic is a national franchise company that has pioneered a distinctive on-site method of furniture restoration and repair.

"Furniture Medic is an exciting new concept in furniture restoration," Thomas said. "We are able to offer convenience by repairing damaged furniture in the customer's home or place of business while also saving them money."

Furniture damage caused during manufacturing, warehousing or daily wear-and-tear can be repaired for less than the cost of replacement, explained Thomas.

The company's patented restoration refinishing service uses environmentally friendly, water-based products to give furniture or kitchen cabinets a fresh new finish without the odor, expense or inconvenience of conventional refinishing. In addition to repairing scratches and dents, Medic can handle finish imperfections, water marks, broken joints and other damage that an active family or lots of clients can inflict on favorite tables and chairs.

"By repairing furniture on site and using advanced technology little downtime is required," Thomas said. Boasting a background that includes 36 years in the furniture business, Thomas was doing touch-up and repair work as a teenager working inside his father's furniture warehouse.

"I grew up in retail furniture," Thomas said. "My father owned two Thomas Furniture Stores in Pontiac. He sold them in 1972."

During the last several years, Thomas worked as senior manager for a large furniture company in Colorado. When the firm was sold in



Medic: Bob Thomas of Rochester Hills has been all over Oakland County and other areas, fixing furniture in customer's homes since purchasing a Furniture Medic franchise.

1996 several of the top executives, including Thomas, took a buy out. That's when he decided to return to Michigan.

He worked for Scott Shuptrine furniture for awhile but was looking to open his own business. Recalling his association with a Furniture Medic franchise in Colorado, Thomas contacted the firm and decided to start his own company in Oakland County.

After attending an extensive training program in Memphis, Tenn., Thomas was ready to begin bringing his expertise to clients across Oakland County. Furniture Medic provides franchisees with equipment, training, supplies, tools and market-

ing ideas. So far, a fairly common assignment Thomas finds in his appointment book involves repairing dining room chairs that are loose and wobbly. Most simply need a heavy dose of fresh glue.

"I'd say there are a lot of teenage boys across this town that like to rock back in their chairs," Thomas laughed.

He also gets called on to re-surface dining tables that have nicks or are dull from use.

"We do a deluxing process where we can buff out the top of the table and restore the natural look," Thomas said. Deciding to repair the furniture

at the clients home or to take it with him to his workshop depends on what the customer will find convenient. Some prefer he take the item, say dining room chairs, and return them in several days. Others simply have him do his work on the spot.

"It's quite satisfying working with my hands and seeing the accomplishment and getting that immediate response from the customer who thought the piece of furniture was broken forever," Thomas said.

Beyond residential work Thomas also tackles projects for several local design firms, moving and storage companies and the Gorman's Furni-

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County offers free foreign trade newsletter

The Oakland County Development & Planning Division now offers free subscriptions to its "Export Report," which is a quarterly newsletter written for small and mid-size companies interested in global expansion.

Articles include information on emerging markets and changing trade regulations, plus the "Export Report" provides various tips on doing business outside of the United States.

For a free subscription to the "Export Report," please contact Mary Jo

Leuthesser at (248) 975-4419.

Oakland County operates an Export Assistance Center in Pontiac, which is a partnership between Oakland County Development & Planning Division and the U.S. Department of Commerce. The center offers information seminars and counsels companies on export opportunities, provides international market research and access to trade show information and federal resources and programs.

International videoconferencing is

another service the Export Assistance Center provides to connect businesses with potential partners from around the world.

For more information on the services provided by the Export Assistance Center, call (248) 975-9636.

Oakland County Development & Planning offers a comprehensive array of community planning and business development services.

The Web site address for Oakland County is www.co.oakland.mi.us.

MJC: Local unemployment rates still holding steady

February's seasonally unadjusted unemployment estimates held steady throughout the state, with four of the 10 major labor market areas showing slight declines, four recording no change, and two displaying a slight rise.

Oakland County had the second lowest unemployment rate in the state at 2.9 percent.

"February was a pretty quiet month," said Doug Rothwell, CEO and Department Director of the Michigan Jobs Commission. "The employment situation was little changed in most of our metropolitan areas. The steady unemployment rates in February are

good news because they remain at historically low levels, and indicate our economy is still strong and growing."

All areas but one were below year-ago rates. The one exception was Lansing, with a rate slightly up from a year ago.

Areas in which the unemployment rate declined were Detroit (-0.2), Ann Arbor (-0.1) and Benton Harbor (-0.1). The rate was unchanged in Flint, Grand Rapids/Muskegon/Holland, Jackson, and Kalamazoo/Battle Creek.

According to the monthly survey of employers, industry employment rose in February in most areas. Employment advanced in the service industry,

specifically in private schools, business services, and social and health services.

Government jobs also were up in February, largely due to employees returning to public schools and colleges following semester breaks.

These job gains were partially offset by seasonal cutbacks in the construction industry and among retail establishments, such as department stores and apparel stores.

Manufacturing jobs were mixed for the month, with half the areas showing declines, three having a slight increase, and two remaining unchanged.

U of Phoenix appoints new vice president

Sarah Serra was recently named vice president/campus director of the Southfield-based Michigan campus of the University of Phoenix.

Serra is responsible for leading the Michigan campus toward the University of Phoenix mission of providing high-quality education to working adults that prepares them to advance personal and professional goals.

Serra, 42, a lifetime Michigan resident, broke ground with the University of Phoenix in October 1995 as Campus Director.

Prior to joining the university, Serra served as dean of Oakland Community College and as an instructor with Oakland University. She earned a BS in Human Resource Development from OU and an MA in management from CMU.

Serra's vision includes expanding University of Phoenix undergraduate and graduate programs in Business, Nursing, and Education throughout Michigan.

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 48005. Our fax number is (248) 644-1314.

Bradley Brennan of Bloomfield Hills has been promoted to sales manager at the recently opened second location of Benson Group Financial Corporation in Livonia. He has been a loan officer there since June of 1997.

Mark Cooke and Bryan Hutson, both of Ferndale, have been hired at Boxell Worldwide, Inc. in Southfield.

Cooke is a senior art director and Hutson is a senior copywriter. They will develop advertising materials for Chrysler's Chrysler/Plymouth division.

John Donahue of Rochester Hills has been promoted to vice president of budgeting and control services for Ross Roy's telecommunications service line. He was previously manager of client accounting at the company.

Christopher Knight of Troy has joined LaSalle National Bank's financial institutions department in Troy as a vice

president. He is responsible for managing and developing LaSalle's correspondent banking relationships throughout Michigan. He joined LaSalle in November 1997.

Jill DeLoary, a native of Troy, has been promoted to sales manager at Westbury, N.Y.-based GETKO Group. She will manage sales operations for the new homeowner welcoming program in the Colorado and Wyoming. She joined GETKO in 1997 as an account executive.



Matthews



Musilli

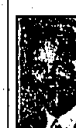
Misty Matthews of Rochester Hills has been hired as an account executive at Shandwick-Detroit in Southfield. She previously worked as a print traffic coordinator at BBDO.

Bill Musilli of Roseville has been hired as senior director at Stone, August, Medrich & Company in Troy. He will work with SAMCO's busi-

ness-to-business account as well as be responsible for developing creative for various new business proposals. He was previously with Wunderman Cato Johnson.



Ozog



Packer

John Ozog of Grosse Pointe Woods has been named vice president of corporate services at Southfield-based GVA Morris & Associates.

Gregorie Packer of Farmington Hills has been promoted to area president for the Midwest division of the Vincam Group, Inc. headquartered in Coral

Gables, Fla. He is responsible for client services in the company's three Michigan offices located in Auburn Hills, Novi and Grand Rapids.

Ellen Fadenky of Farmington Hills has been promoted to senior associate at the law firm of Kitch, Druett, Wagner & Kenny in Detroit. She is a defense attorney specializing in product liability, nursing home and automobile negligence claims.

Thomas Robbins of West Bloomfield has been named vice president of sales and marketing at Rotary Technologies in Rancho Dominguez, Calif. He is responsible for expanding the specialty milling, boring and turning tools business base.

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