Deadline for IRA tax shelter fast approaching

The deadline for opening an Individual Retirement Account is April 15, or the due date for your federal income tax returns. This includes extentions. The old laws for these popular retirement programs are still in effect, and, although there are changes coming, the new law does not affect 1981 federal income tax returns.

This means you may contribute a maximum of $1,500 and you cannot open an IRA (for 1981 tax deductions) if you are covered by any other pension plan. The new law, however, allows everyone to include an IRA deduction, even if already covered by a company plan.

If you doubt IRAs are excellent tax shelters as well as sound investment vehicles, figure what the tax deduction alone is worth. Let's say your taxable income is in the 28-percent bracket. Just mulitply your contribution of $1,500 by 28 percent and you have $420. That's how much you will cut from your tax bill. If you and your spouse are in the 43-percent bracket and each contribute $1,500 to IRAs, you cut $1,290 from your tax bill.

You can set an IRA at banks, brokerage firms, or insurance companies. Interest rates vary, but if you invest your IRA in a mutual fund or some kind of security, the capital appreciation could be much more important. You may have a high return on your money in some years, and a low one in others. In a bank, your money will be federally insured, whereas mutual funds or other money instruments won't be.

Many bank IRA accounts are similar to certificates of deposit. If you start a plan at 15 percent, for a two-and-a-half year period, at the end of that time you can reinvest at whatever interest rate is available or roll it over into another bank or another plan. You can transfer your IRA funds into a new and perhaps higher-yield account at least once a year. There is no penalty on transfers if you roll-over the funds within 60 days. But you can't touch the money.

YOU SHOULD already be planning for your 1982 IRA deductions. Even though you have at least until April 15, 1983, to make your contributions, you will earn interest sooner. You can mail in payments periodically with many IRA accounts.

For example, if you want to contribute the maximum of $2,000 to an IRA in 1982 and began on Jan. 1 to make monthly payments of $166.50 (if you're in the 43 percent marginal tax bracket) you effectively get $71.59 of each payment back because of the IRA tax cut. So, for a $2,000 investment you've really spent only $1,140.

If both you and your spouse work, but one of you has only a part-time job, the current rules allow that part-time worker to open an IRA for only 15 percent of that part-time salary. So, if you earned $2,000 in 1981, you could contribute only $300 to an IRA. The new rules for 1982 allow part-time workers to contribute the entire $2,000 if desired.

Here's an example of how a couple could take advantage of this added benefit. If your taxable income is $20,000 for 1982 and your spouse will earn $2,000 from a part-time job. Added to your income, that $2,000 would take you from the 22 into the 25 percent tax bracket. By putting your spouse's $2,000 into an IRA, you need not add it to your income and so, you stay in the 22 percent bracket. In addition, you can deduct another $2,000 for your own IRA and further reduce your joint taxable income.

For 1981 you can contribute only $1,750 for a spousal account with a non-working spouse and the account must be split evenly. That is, each of you can have $875 in your account. Under the new rules, you can deduct up to $2,250 for a spousal account, and it doesn't matter how you split it as long as not more than $2,000 is in any one account.

Because the IRA funds and the interest they earn are all tax-free, the growth is incredible. At 12 percent, the investment would approximately double every six year. At this same rate, $2,000 a year for 20 years would build up to $160,000, although your own 20-year contribution is only $40,000. The additional $120,000 is all interest.

You cannot touch your IRA money until you are 59½, and you must begin to withdraw it by age 70½ and pay income taxes on it when you withdraw. By then, you may be in a lower tax bracket.

There may be some drawbacks to investing in IRAs if you are young. If you're only 30 years old, for example, you won't be able to touch the money for more than 29 years without paying a high penalty. In addition, money in an IRA account cannot be used for collateral on a house or car. If you need your money now to buy a house or pay for education, it might not be the best use of your money. But, you can stop making payments into your IRA account for some years, while the account continues to earn interest. Later, you can begin making contributions again and take advantage of the tax break.

Oakland Community College gets gift

Oakland Community College recently received a gift of $5,000 from the DeRoy Testamentary Foundation.

The $5,000 is an endowment fund with an annual income to be used as a purchase prize to buy art for the Orchard Ridge Campus.

The artwork is to be selected annually after a juried art show competition open to any resident of Oakland County. Winning entries will be displayed in the new Fine Arts Building at the Orchard Ridge Campus and other public areas, including building entrances and offices, that are considered appropriate by the administration and fine arts staff.

The first competition will be held in December 1982 and annually thereafter. Jurors for the competition will be chosen by the chairperson of the Orchard Ridge Fine Arts Department. Each piece purchased by the campus will be identified with a small plaque denoting it as part of the Helen L. DeRoy Purchase Prize collection.

"The beauty of this gift is that it will give continuing recognition to the DeRoy Foundation, enhance buildings on campus, encourage Oakland County artists to create fine art works, and perhaps, serve as a catalyst of encouragement to other foundations to make contributions of a similar nature," added Sarah Keidan, Orchard Ridge faculty member and daughter of Leonard H. Weiner, chairman of the DeRoy Testamentary Foundation Board.

Helen L. DeRoy, born in 1882, devoted herself to philanthropy, primarily in the Detroit area, from the mid-1940s to the time of her death in 1977. She founded the Helen L. DeRoy Foundation in 1946. Major gifts in the Detroit and Southeastern Michigan area include the Helen L. DeRoy Auditorium and the Helen L. DeRoy Residence Hall at Wayne State University, the Helen L. DeRoy Sanctuary in Temple Beth El, and the Helen L. DeRoy Fellowship program, a $100,000 endowment fund established at the University of Michigan Law School.

In addition to Weiner, the other trustees of the DeRoy Testamentary Foundation Board include Gilbert Michel as president and Arthur D. Rodecker as vice president.

Henry Ford Hospital to offer clinic on breathing diseases

Shortness of breath is a problem shared by some eight million Americans who have chronic lung diseases such as emphysema, bronchitis and asthma.

Breathing Easier, coming Friday, Jan. 22, is a special program to tell those with chronic lung diseases and the people who care about them, more about this condition.

The program, slated from 1-4 p.m. at Holy Spirit Church, Orchard Lake Road at Green Road, will suggest avenues of health care available for those who have not yet sought professional advice for their shortness of breath.

The program is sponsored jointly by Henry Ford Hospital's West Bloomfield Outpatient Center and the Mature Minglers senior citizen organization of West Bloomfield.

The program is open to the public free of charge.

Since class size is limited, interested participants should register by 4 p.m. Monday by calling Mature Minglers at 644-6661.

"Because many of those who have chronic lung disease are senior citizens, we feel it is important for our organization to offer a program on this subject," said Mature Minglers counselor Sue Grady. "It is part of the ongoing social and health information services we provide throughout the year."

BREATHING EASIER will be conducted by health-care professionals from the pulmonary rehabilitation program at Henry Ford Hospital's West Bloomfield Center, which is jointly sponsored with Sinai Hospital of Detroit.

"You might call this a mini version of the pulmonary rehabilitation program," said HFH's Gloria Jelinek. The intensive pulmonary rehabilitation program provides 10 hours of education over a one-week period followed by a six-week exercise program.

"Education helps us control the panic which shortness of breath causes," she said. "Three hours isn't enough time to tell people everything that will help them, but it's a start — and it may help them decide if they need to know more."

Breathing Easier will begin with a 28-minute videotape. A half hour of relaxation exercise will follow. Ms. Jelinek suggests participants dress comfortably. Following a refreshment break, a demonstration of breathing techniques and an explanation of lung function is scheduled. Discussion is encouraged throughout the afternoon.

Even the refreshment break is a meaningful part of the program, according to Marcia Kopacz, clinical nurse specialist. "People learn a lot from each other, and meeting other people who have the same problem, knowing you're not alone, helps you cope with this disease," she said.

To register or receive further information, call Mature Minglers at 644-6661. For information on the Henry Ford Hospital's pulmonary rehabilitation program, call the West Bloomfield Center, 661-4100, located on W. Maple Road, ½ mile west of Drake Road.

Mercy offers class in food management

"Cooking Up a Career in Food Service Management" will be the theme of a career-information session at Mercy College of Detroit on Thursday, Jan. 26, from 3:30-5 p.m. High-school students, their parents and others interested in a career in Food Service Management are invited to attend.

Participants will learn about career opportunities available in the field and about Mercy's curriculum from instructor Paula Zemel and a Food Service Management student. They also will tour Mercy's facilities.

The presentation will take place in the Red Room of the Student Conference Center. For further information, call the Mercy College Admissions office at 592-6030.

CITY OF FARMINGTON HILLS
31555 Eleven Mile Road

Summary of Proceedings

CITY COUNCIL MEETING
January 11, 1982

Farmington Hills City Council held a regular meeting January 11, 1982. Mayor Wolf opened the meeting at 7:00 p.m. Members present were Wolf, Hughes, Dolan, Soronen, Lange, Williams and Burwell. Others present were Assistant City Manager Costick, City Clerk Cairns, and Attorney Bibeau.
State of the City Message was presented by Mayor Wolf.
Jack G. Burwell was unanimously elected Mayor by the Council.
William Lange was unanimously elected Mayor Pro Tem by the Council.
A hearing date of January 25, 1982 was approved by Council for Medallion Investment Company Project as a Public Hearing for approval of Project Plan. (location: Northwestern at Valley Road)
The Presentation of awards to Boards and Commission members and Employees followed the business meeting.
Meeting adjourned.

JACK G. BURWELL, Mayor
FLOYD A. CAIRNS, Clerk

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O&E