

How best to save money for children's education

If you have young children and are caught up in the expenses of setting up a household, college costs and your retirement may not seem to be an immediate problem. Without long-range planning, however, your future financial worries could multiply. If you are unable to save for both items simultaneously, the Michigan Association of CPAs recommends you investigate savings methods that generate savings for education and can then be used to plan for retirement.

Of parents who expect their children to attend college, 36 percent have no savings plan to meet college expenses.

Of the other 64 percent, many have no formal plan and simply hope their savings will be enough. College costs may double by the time 1983 babies enroll. And with federal aid possibly being reduced, the money you put aside might not be enough.

There are several savings plans available to investigate. Ideally, your plan will allow you to save the most and pay the least tax. One way to do this is to transfer the assets or cash to children who pay tax on interest and earnings at a lower rate, if at all.

As a parent, you can make interest-free demand loans to your child who,

through a trustee, invests the money. All dividends and interest are payable to your child, and the first \$1,000 of unearned income is tax-free, plus whatever exclusion applies.

ANOTHER, MORE formal means, to transfer assets to your children is through a Clifford trust. Instead of loaning money to your child, set up a trust fund for cash or income-producing assets, such as stocks and bonds. The dividends and interest, again, are charged to the beneficiary and you avoid paying taxes at your bracket. Although the new, lower tax rates might reduce your tax liability anyway, Clif-

ford trusts can still be beneficial. For example, say you put \$10,000 in a Clifford trust and the cash is invested to yield 10 percent compounded annually. After 10 years, parents in the 40 percent bracket would have only \$7,900 interest income after taxes. The child, on the other hand, would have about twice that if he or she had no other income.

The assets must remain in the trust for 10-years-and-one-day minimum, although the trustee can transfer assets among investments. So if you intend to use a trust to pay for college, you'll want to arrange the trust by the time

the child is 8 or 9. Because of the administrative and legal work involved, you should start the trust with an appropriate amount of money, such as \$10,000.

It is also good to remember that income received from the trust can't be used to pay expenses like food, clothing, shelter or education that you're obligated to provide. After the trust is dissolved, however, the assets transfer to you. And if the original investment has appreciated, your capital will be larger.

Once you regain your capital, you can use it in one of two ways. You can, for instance, add some of the initial

\$10,000 to the interest income of your son or daughter and help him or her pay for college. Or, you can put the entire amount aside for your own needs.

For example, let's say you set up a trust or make an interest-free loan to your child. When the money reverts, you use \$6,000 of the \$10,000 to help your child pay for college. The other \$4,000 is put aside for your retirement.

Since the IRS limits deductions on contributions to an Individual Retirement Account up to \$2,000, the entire amount can't be immediately placed in the fund, without paying an excess payment tax.

Fitness Trail dedication set

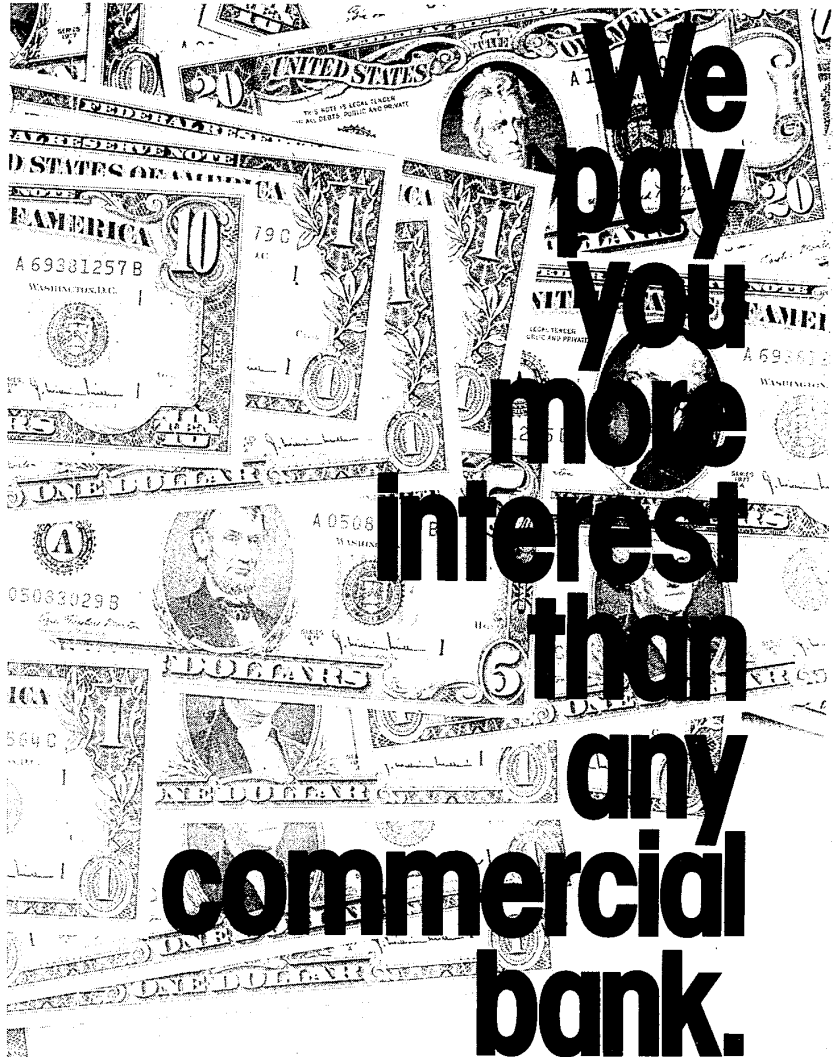
The Farmington Hills Parks and Recreation Department along with Oakland Community College, Orchard Ridge Campus, and Girl Scout Troop 3410 of Farmington and Farmington Hills invite the public to the community fitness trail dedication, Saturday, May 15.

The dedication ceremony will begin at 10 a.m. and will be hosted by Dennis Fitzgerald, chairman of the Farmington Hills Parks and Recreation Commission and Douglas Gaynor, Parks and Recreation Director. Mayor Jack Burswell of Farmington Hills, representatives of OCC, the Farmington Hills City Council, Parks and Recreation Commission, Girl Scout Troop 3410 and Detroit's Emily Gall will also be present.

The public is welcome for the dedication as well as a casual "fitness run" and refreshments immediately following the ceremony.

The community fitness trail was

made possible through the continued efforts of Girl Scout Troop 3410 who began this community project in 1980. The girls wanted to become involved with their community and through research and several visitations to other fitness trails began a drive to succeed on this project. In 1981, Girl Scout Troop 3410 with the cooperation of their council and the Southern Oakland Region submitted a grant proposal to Reader's Digest Foundation and soon after received a \$500 award to initiate the "Community Fitness Trail." The City of Farmington Hills then became involved and through continued cooperation from the Farmington Hills Parks and Recreation Department, Farmington Hills City Council and the Board of Trustees from Oakland Community College, the "Community Fitness Trail" became a reality. Although the trail is only 50 percent completed, it is open and will be completed prior to fall of 1982.



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| WARREN 8424 E. 12 Mile Road/751-6300 26681 Hoover Road/536-9017 or 755-2040 | GROSSE POINTE 2270 E. 16 Mile Road/939-9370 STERLING HEIGHTS 22725 Orchard Lake Road/474-7250 FARMINGTON 141 S. Main Street/752-3594 ROME |

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CITY OF FARMINGTON COUNCIL PROCEEDINGS (Summary)

Regular meeting of the Farmington City Council was called to order at 8:00 p.m. on May 3, 1982, by Mayor Alton L. Bennett in Council Chambers, 23500 Liberty Street, Farmington, Michigan.

PRESENT: Mayor Bennett, Councilmen Hartsock, Mitchell, Yoder.

ABSENT: Councilman Topper.

CITY OFFICIALS PRESENT: City Manager Deadman, Director Billing, L. Launhof, Attorney Kelly, City Clerk Busbey.

Minutes of the previous meeting were approved.

Minutes of other boards were received and/or filed.

A Public Hearing was held on the proposed rezoning of Parcel No. 23-34-101-008 at Nine Mile and Farmington Road from ERO (Education-Research-Office) to C-2 (Community Commercial).

A SEMTA representative was present to give Council a review of the Authority's operating budget and projected revenue cuts.

Council received and filed a resolution from Detroit Councilman Ravitz inviting President Reagan to visit Michigan.

The following proclamations were issued:

- POLICE WEEK - May 9-15, 1982
- YOUTH WEEK - May 1-7, 1982
- MUNICIPAL CLERK'S WEEK - May 10-15, 1982

Council introduced Ordinance C-488-82 prohibiting parking on Lakeway Street at Shiawassee.

Council approved, as amended, a Contract Agreement between the City of Farmington and MetroVision of Oakland County.

Council considered a review of coin-operated amusement device ordinances of fourteen communities in the Detroit Metropolitan Area.

Council received a request for the transfer of an SDM licensed business at 34707 Grand River.

Public Comments were received.

Council appointed Harry Lapham to the Employees' Retirement System Board of Trustees for a new three-year term and Carole Hund to the Farmington Area Commission on Aging for three years.

The following reports were received and filed:

- Public Safety Department Annual Operations Report - 1981,
- Department of Public Services Quarterly Report,
- Farmington Youth Assistance Quarterly Report,
- Financial Reports (9 months ended March 31, 1982) for the General Fund, Water & Sewer Fund and 47th District Court.

The following ordinance was adopted:

ORDINANCE NO. C-487-82
AMENDMENT NO. 19 TO ZONING MAP

THE CITY OF FARMINGTON ORDAINS:

Section 1: That the territory lying with the City of Farmington, Oakland County, Michigan, be rezoned as follows:
A parcel of land located in the NW 1/4 of Section 24, T.1N., R.9E., City of Farmington, Oakland County, Michigan is described as commencing at the N.W. corner of Section 24, thence along the west line of said Section 24, S. 0° 30' W. 33.00 ft; thence N. 89° 45' E. 60.01 ft. to a Point of Beginning, thence along the south Right-of-Way line of Nine Mile Road (width being 33 ft. wide), N. 89° 45' E. 573.17 ft.; thence S. 0° 31' W. 547.00 ft.; thence S. 89° 45' W. 573.17 ft.; thence along the east Right-of-Way line of Farmington Road (east half being 60 ft. wide), N. 0° 30' E. 147.00 ft. to Point of Beginning, Containing 7.46 acres.
FROM: ERO Education-Research-Office TO: C-2 Community Commercial.

Section 2: A map showing the property affected by this amendment is made a part of this ordinance (to file in the City Clerk's Office).

Section 3: This ordinance shall be known as Amendment No. 19 to the Zoning Map of the City of Farmington, dated May 1, 1978, as amended.

This ordinance was introduced at a regular meeting of the Farmington City Council on April 19, 1982, was adopted and enacted at a regular meeting of the Council on May 3, 1982, and will become effective ten days after publication.

AYES: Hartsock, Mitchell, Yoder, Bennett.
NAYS: None.
ABSENT: Topper.

Monthly payments were approved for payment.
The meeting adjourned at 10:35 p.m.

ALTON L. BENNETT, Mayor
JOSEPHINE M. BURSHELL, City Clerk

Published May 13, 1982