

Thursday, April 7, 1983 O&E

Estate planning still is necessary

PART I

Under the terms of the Economic Recovery Tax Act of 1981, a married person can leave an unlimited estate to his/her spouse free of federal estate taxes — a provision called the marital deduction.

Many people erroneously believe that this tax act has made estate planning unnecessary. They feel estate-tax problems merely could be solved by changing an old will or by making a new will specifically referring to the unlimited marital deduction.

This simply is not true. Estate tax planning is just as important today as it was before the tax act of 1981 was passed.

AFTER A PERSON'S death, a federal tax return must be filed within nine months if his/her gross estate is valued higher than the filing requirements. A unified credit is allowed against the computed estate and gift taxes, resulting in an equivalent exemption from filing requirements.

For example, in 1983 the unified



finances and you
Sid Mittra

credit of \$79,300 results in an equivalent exemption of \$275,000 — meaning that no estate tax return would be necessary if the value of the gross estate does not exceed \$275,000.

The tax act of 1981 altered filing requirements as illustrated below:

YEAR	CREDIT EQUIV. EXEMPTION 1983	UNIFIED
1984	\$79,300	\$275,000
1985	\$121,800	\$396,300
1986	\$182,800	\$500,000

It is obvious that a person whose estate is less than \$275,000 in 1983, would not have to pay any estate taxes if he/she leaves everything to his/her spouse. However, there may be a bunching of assets in the survivor's estate which, because of valuation increases as the result of appreciation and inflation, may cause a portion to be taxable when the survivor dies. Beyond that, Congress could freeze tax benefits so that further increases in exemptions may not occur.

THERE ARE MANY ways one can plan for minimizing estate taxes that must be paid upon death. One such alternative refers to the creation of a

trust.

In simple terms, a trust is a legal instrument by which an individual places ownership of assets with the name of a trustee, to hold for the use and benefit of some other person or persons known as beneficiaries. A trustee usually is someone relied on for integrity and judgment by the donor, a bank or both.

Next week, Part II will discuss the pros and cons of creating a trust.

EDUCATIONAL SEMINAR: The Observer & Eccentric Newspapers and I will conduct our next financial planning seminar from 8-10 p.m. Wednesday, May 4 at the Michigan State University Management Center, Troy. Topics to be covered will be determined by polling the attendees. The seminar is free, but registration is required. For more details call 645-5888.

Sid Mittra is president of Coordinated Financial Planning, Inc. in Troy and a professor of management at Oakland University in Rochester.

datebook

CHANNEL 56 AUCTION

Friday-Saturday, April 8-14 — Housing, real estate and home-care items may be mailed to 24145 Drake, Farmington 48024 or delivered to any WWOBB member office. Entry dates are April 10 to May 14. Photos, which will not be returned, should be no larger than 5 x 7 inches. Farmington, Southfield, West Bloomfield and Bloomfield Hills homes are eligible. For information, call 478-1000.

ISRAELI VISITOR

Saturday-Tuesday, April 9-12 — Razi Rom, president of Cycon Computerized Systems of Israel, will meet with metropolitan Detroit business people to report on Israel's economic progress during the past 33 years. For information on this visit, call 887-2900.

BEST-MAINTAINED HOME

The Western Wayne Oakland County Board of Restorers (WWOBBR)

HOME-BUYING SEMINAR

Thursday, April 14, Prospective and present homeowners may participate in a free, two-hour seminar called "How You Can Buy A Home" at 7:30 p.m. Thursday, April 14 at Livonia's City Hall auditorium. The seminar is sponsored by the Western Wayne Oakland County Board of Restorers, as part of Private Property Week. To register, call 478-1000 or 538-1640.

FREE SEMINAR!

Financial Strategies for the 80's

"How long will it take me to double my money?" If you have ever asked yourself this question, this may be the seminar for you. Sophisticated investors will appreciate this straight talk on investment strategies such as tax-deferral, growth investments, and tax-sheltered investments. This seminar features a point-by-point review of the 1981 Economic Recovery Tax Act.

WHERE: TUESDAY, APRIL 12 - 7:30 P.M.

WHERE: BLOOMFIELD TOWNSHIP LIBRARY
1099 LONE PINE RD.
BLOOMFIELD HILLS, MI. 48013

This seminar features the latest information from the 1981 Economic Recovery Tax Act, including the new guidelines for IRAs (Individual Retirement Accounts).

Call 968-1000

IDEAS TO HELP YOU MANAGE MONEY

JWV seeking food, clothing

A drive to collect food, clothing and money for needy persons has been started by the Department of Michigan Jewish War Veterans and Its Ladies Auxiliary.

Norman L. Berkley, state commander, and Shirlee Snider, department president, have asked that donors who wish to help persons in distress should bring their food, clothing and money contributions to the JWV Memorial Home, 16990 12 Mile, Southfield.

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3. Instant Answers.

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