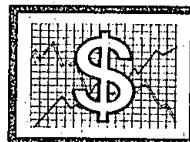


Business

Barry Jensen editor/591-2300



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Thursday, June 7, 1984 O&E

Tax shelter guidelines

Part V

Most tax-shelter deals are intricately structured, with as many variations as there are sections of the tax code. Nevertheless, most operate mainly on the basis of several general tax-saving principles, the benefits of which flow through to individual investors. These are as follows:

The first is the ability to defer payment of taxes, primarily by generating tax losses through deductions for depreciation.

Second, shelters often offer outright tax reductions by taking advantage of tax credits on certain investments, such as energy-saving equipment. Investors can invest the money saved in taxes elsewhere; as a result, they can come out ahead even if the shelter eventually shows a loss.

THIRD, IF the shelter earns income, chances are the income would qualify as a long-term capital gain, now taxed at a maximum effective rate of 20 percent. Most of these benefits are part and parcel of the popular partnerships available today.

Picking the right tax shelters is tricky, and you will be well-advised to let a professional select the shelter that makes good economic sense and falls in the appropriate risk category. However, regardless of who makes the selection, you might benefit from observing the following guidelines:

- Partnerships are not liquid and investors should be able to part with



finances and you

Sid Mittra

their money for five, 10 or more years. A few large brokerage firms keep a buy-sell list to help investors who want out to find buyers. Some firms buy public partnerships units but only if they are four years old and then for only the original investment or perhaps a little more, which could mean 70 percent of eventual net worth.

- Don't invest without a financial cushion. A minimum net worth of \$75,000 and \$50,000 annual income are highly recommended.

- Read and understand the prospectus, which could be more than 100 pages. Ask the seller to explain what you don't understand or get advice from an independent accountant. Study the fees, commissions and free rides to general partners, which could total 25, 30 or 35 percent of the initial investment.

- Beware of excessive prices paid for buildings. Some partnerships pay prices that are far higher than their market prices.

- Learn the record of the general partners. Did previous projections of profits and tax benefits work out? The prospectus should tell. If you are so inclined, read Brennan Reports before

buying a shelter. You may obtain the report by writing to Brennan Reports, Suite 245, P.O. Box 882, Valley Forge, PA 19482. For more detailed information, you may wish to read "Tax Shelters — The Basics," Harper & Row, \$13.95.

Educational Seminar: The Observer & Eccentric Newspapers and the Coordinated Financial Planning staff will conduct a seminar 8-10 p.m. Wednesday, June 13, at the Bloomfield Township Library, 1099 Lone Pine Road, Bloomfield Hills. This seminar will address the following questions: Taxes — how to defer or eliminate them. Investments — how to invest in stocks for growth, income or stability. Real estate — how to find partnerships with excellent prospects. IRAs — where to invest now. Financial plan — for whom and what it offers. The seminar is free, but registration is required. For more details, call 643-8888.

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

Special investment seminar June 19 and June 27.

datebook

COMPUTER AIDED ENGINEERING

Friday, June 8 — Free seminar on computer aided engineering presented at 8:30 a.m. and 1:30 p.m. in New Hudson. Information: Mike Needham, 349-9200. Sponsor: Hewlett Packard

LIQUOR COMMISSION

Friday, June 8 — "Michigan Liquor Control Commission: A Practical Guide" offered 8:45 a.m. to 12:15 p.m. in Troy for people who represent businesses licensed by the liquor control commission. Fee: \$40. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

CPA RELICENSURE

Friday-Saturday, June 8-10 — Up to 20 relicensure hours are offered in Rochester. Tuition: \$15 to \$46 per class. Registration fee: \$15. Registration, 377-3120. Sponsor: Oakland University

LSAT PREPARATION

Friday, June 8 — Six-session program in preparation for Law School Admission Test offered 6-10 p.m. in Troy. Registration: 640-5968. Sponsor: University Test Preparation Service.

SMALL BUSINESS OWNERS

Saturday, June 9 — Free small business management training workshop begins at 10 a.m. in Troy. Registration: 542-4220. Sponsors: Michigan State University, Small Business Management Schools.

WOMEN'S NETWORK

Monday, June 11 — Annual dinner meeting of Michigan Professional Women's Network at 6 p.m. in Troy.

Speaker: Patricia J. Boyle, justice of the state supreme court. Information: Linda Russell, 651-9441.

COMPUTER LITERACY

Monday, June 11 to July 16 — "Introduction to Personal Business Computers" offered 6-9 p.m. in Troy. Fee: \$325. Registration (800) 428-4284. Sponsor: Michigan State University.

LEGAL ASSISTANTS

Tuesday, June 12 — Personal assessment inventory required for entry into Oakland University's legal assistant program offered 7:30-9:30 p.m. in Rochester. Fee: \$25 (prepaid). Registration: 377-3120. Sponsor: Oakland University.

AUTO SALE SEMINAR

Tuesday, June 12 to July 3 — Four two-hour workshops offered 6:30-8:30 p.m. in Southfield. Price: \$231.60 including all materials. Information: 569-8150. Sponsor: A to Z Controlled Selling Systems.

REAL ESTATE

Tuesday, June 12 — Free Equitree Real Estate limited partnership program begins at 7:30 p.m. in Birmingham. Reservations: 642-2865. Sponsor: Financial Concepts of Birmingham.

BUSINESS WOMEN

Tuesday, June 12 — Land-O-Oak Chapter of American Business Women's Association meets in Pontiac. Information: 623-9630.

PROFESSIONAL ESTIMATORS

Tuesday, June 12 — Estimators

roundtable and meeting of American Society of Professional Estimators in Warren. Information: Hal Cornelius, 355-4600.

BASIC BUSINESS

Tuesday, June 12 to July 17 — "How to Use a Personal Business Computer: Programming in Basic" offered 6-9 p.m. in Troy. Fee: \$325. Registration (800) 428-4284. Sponsor: Michigan State University.

DEVELOPING A TEAM

Tuesday-Thursday, June 12-14 — Forming a team and developing its potential and problem-solving capacity offered 8:30 a.m. to 4:30 p.m. in Birmingham. Fee: \$395. Information: 851-4300. Sponsor: Executive Consulting Services of Farmington Hills.

SMALL BUSINESS OWNERS

Wednesday, June 13 — Free small business management training workshop begins at 10 a.m. in Troy. Registration: 542-4220. Sponsors: Michigan State University, Small Business Management Schools.

FIELD SERVICE MANAGERS

Wednesday, June 13 — Association to Field Service Managers hold vendor exhibition-management seminar at Metro Airport. Information: Marty Cieslak, 552-6614.

Submit information to Business Editor, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia 48150. All information must be received in writing by Monday for publication the following Thursday.

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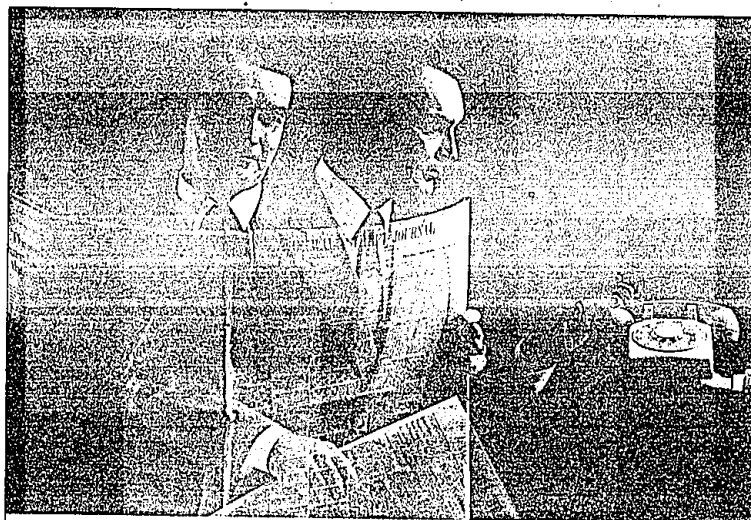
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