

Business

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A will should be part of your investment plan

By Sid Mittra
with Meri Kulikowski
special writer

Who needs it?

Almost everybody needs a will. If you have property, you need a will if you want to distribute it according to your own wishes.

Moreover, with a will you can name the person who will administer your estate and a guardian to bring up your children if you and your spouse die while they are still minors.

You can also use a will to create trusts for your spouse, children and others to protect them against the loss of assets that might result from their inexperience.

What happens to assets if you die without a will?

If your assets are made up of a jointly owned house, joint bank and other accounts, life insurance policies with named beneficiaries and a pension and profit-sharing plan with the beneficiary listed, there may not be much to distribute in a will. Moreover, some people create trusts during their lifetime that direct the disposition of their as-

sets at death.

In those cases, dying without a will wouldn't be very much different from dying with a will, at least as far as how your assets are distributed.

But, assuming that you have property in your own name and it is not passing through others automatically, then the law in Michigan will decide where the property goes.

The state of Michigan will, in effect, draw up a will for you.

What are some of the essentials of a good will?

You start off, of course, saying who you are. Sometimes people include the phrase "being of sound mind." But if you aren't of sound mind, saying so does not make any difference.

You also revoke all prior wills and codicils, which are changes you make to an existing will.

A lot of people list specific requests: "I give my gold cuff links to my son." People sometimes allocate specific amounts of money: "I give \$5,000 to my former secretary and \$5,000 to ABC charity."

Finally, you typically get to the big item, where you give whatever is remaining, either in whole or in part, to



finances and you

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your wife, children or other relatives and friends — and charities.

You have to be careful, though, because the value of your estate can go up or down between the time you write the will and when you die. If you will leave some people fixed amounts and others a percentage of the remainder, some may end up getting a lot more or less than you intended.

How much does it cost to have a will drawn up?

It varies greatly. There are legal clinics in some places that will do a very simple one for \$50. If it gets really complicated, you could spend several thousand dollars, maybe even \$5,000 or \$10,000 if it's part of an overall financial and estate plan.

Just drawing up the will is relatively easy. It's deciding the best way to structure your overall estate and finan-

cial plan that is hard.

A will is only part of the picture. It should be coordinated with your insurance, your property and investments and other items, such as, say, a pension plan.

Are there legal restraints on how you split your assets?

Yes. As one example, society generally frowns upon your disinherit a spouse, so your spouse typically has what is known as an elective share. If he or she gets a smaller share in the will than the state law allows, the spouse can claim more.

Depending on the state, the minimum may be anywhere between about a third and a half of the estate, either outright or through a trust agreement.

There can, however, be a prenuptial agreement in which a spouse, often in a second marriage, gives up some inher-

itance rights.

How is joint ownership of property handled?

In a typical joint ownership, the surviving owner gets everything. That's one reason joint-ownership arrangements should be handled carefully.

During your life, you can change a will, but if something is put in joint tenancy, you often give up control.

There are a number of complex tax considerations — your surviving spouse, for instance, might pay more tax on a sale if property were held jointly.

How do you go about changing a will?

How not to change a will is to simply write in a change. You will either invalidate the entire will or fail to make any legal change.

There are two proper ways to change your will. One is to create a new one that includes the change. The other is to add a codicil to the existing will.

When should you review a will?

It's not just a question of reviewing your will. It's a question of keeping your entire estate plan up to date.

You have to constantly review your marital situation, job, investments, family, state of residence and business. Any significant change in your financial or personal life can be a reason for review.

Changes in the law also can require a change in your will.

A SPECIAL INVESTMENT seminar with out-of-town guest speakers making presentations on real estate, oil and gas, mutual funds will take place 7-10 p.m. Wednesday, June 27, at the Southfield Holiday Inn.

An educational financial planning seminar is being sponsored by Sid Mittra and the Observer & Eccentric Newspapers on Wednesday, July 11, at the Baldwin Library in Birmingham. Please call 645-8689.

marketplace

Ex-Cell-O Corp. of Troy signed the first cooperative trade agreement between a United States machine tool company and Ningliang Machine Tool Works in the province of Sichuan, People's Republic of China. The agreement includes the transfer of technology to manufacture computer numerically controlled machine tools and related equipment. Ningliang will produce Ex-Cell-O's line of Workcenter 104 ma-

chining centers for sale in China and other Pacific Basin countries.

Spectrum Computers in Southfield is offering a complete, ready-to-use statistical process control package available on the Apple IIe computer and on IBM and IBM compatible computers.

Jean M Hansen, attorney, has expanded and moved to 1500 N. Wood-

ward, Suite 237, Birmingham 48011. The telephone number is 510-6422.

Graybar Electric Co. of Farmington Hills has broken ground for a warehouse/distribution and office center.

Drs. Edward L. Wallace and Ray A. Salerno P.C. has moved to 743 N. Woodward, Birmingham. The telephone number remains 644-0644.

Phoenix Airlines Inc. of Southfield has bought three Beechcraft 99 aircraft. The airline flies out of Oakland-Pooler Airport.

Proctor Homer Warren Inc. of Troy observed its 100th birthday the last week in May. Proctor Homer Warren is engaged in mortgage banking, real estate and property management and insurance.

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