

Business

Barry Jensen editor/591-2300



(T-4C, S-5BXB, Wb/SC)

Thursday, July 4, 1985 O&E

Cut whopping estate tax on business transfer

First of two parts

Recently, someone in our office bitterly complained about the massive estate tax bill his father left him. He was left with no choice but to sell the business his father had built over a lifetime.

Often, upon death, a "forced" sale to raise cash is precisely what happens, since the IRS tries to place a high value on a decedent's stock interest in the company.

THE BUY-SELL Solution. There is, however, a way to keep the IRS straight when it comes to valuing your interest in a closely held business. This requires a properly drafted buy-sell agreement.

A buy-sell agreement is a contract under which either the corporation or the remaining shareholders are obligated to buy the stock of a deceased, retired or disabled shareholder at a price established by a formula in the

agreement.

If the corporation is required to buy back the deceased shareholder's stock, we have a stock redemption or "entity-purchase" agreement. If it is the surviving shareholders who are obligated to acquire the stock, the buy-sell agreement is termed a "cross-purchase."

WHEN CROSS-PURCHASE is the only choice. Business owners often select the entity-purchase because they prefer to have the corporation pay the

premiums on the insurance policies needed to pay for the agreement. But if you are the sole owner of an S corporation, the entity-purchase does not make sense. Here's why.

An S corporation does not pay corporate income tax. All of its earnings are taxed to its shareholder whether those earnings are distributed or not.

Since the premiums on an insurance policy used to pay for a buy-sell agreement are not deductible, S corporation shareholders end up using the same af-

ter-tax dollars to pay premiums, regardless of the type of buy-sell agreement they choose.

Next week: Benefits of Buy-Sell Agreement.

EDUCATIONAL SEMINAR: The Observer & Eccentric Newspapers and the Coordinated Financial Planning Staff will conduct a seminar 7-9 p.m. Saturday, July 14, at the Baldwin Public Library, 300 W. Merrill St., Birmingham. The seminar is free, but registration is required. For more details and to make reservations, call 643-8888.

A seminar will be conducted Tuesday, Aug. 13, at the Kingsley Inn. Out-of-town guest speakers will present specific investment products. This seminar will also be free and registration is required.

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

business people

Sherwin M. Birnkraut has been named managing director of Schlussel, Lifton, Simon, Rands, Kaufman, Galvin and Jackier, a Southfield-based law firm.

Stephen M. Humphrey was named president and general manager of Rockwell International of Troy's general components operation, fastening system business. James N. Moreland has been named vice president of sales and marketing for the new organization.

Timothy J. Ball of Farmington Hills has been named to the newly created position of coordinator of news media relations at Harper-Grace Hospitals.

Allen Smyth has been named senior vice president, account supervisor for Smith-Winchester, a Southfield-based ad agency.

Sally Jo Levy of Birmingham has joined Container Products Inc. as communications director.

Sheryl Worthington has joined Kane and Kane Inc., Birmingham, as an administrative assistant. Worthington will assist in research and planning activities at the agency.

Albert R. Senchuk of West Bloomfield has been named corporate director of taxes at Fretzau Corp.

Gary Giovannini of Farmington has been named director of corporate operations at Foland's.

Lisa M. Ellan of Farmington Hills has been named sales manager of the Novi Hilton.



John Gargaro of Troy received the Prudential Insurance Co. of America's President's Citation award for outstanding sales and service achievement.

Jeffery May has joined Cerrito and Co. Advertising and Marketing in Troy as an account executive.

Ira K. Kraft has joined Barclays American/Business Credit Inc. in Birmingham as assistant vice president and business development officer.

D. Michael Pennington has been named manager of product publicity and business relations for Rockwell International of Troy's automotive business.

Lorraine M. Gelman of Farmington Hills has been named manager of the Detroit group insurance sales office at John Hancock Mutual Life Insurance Co.

Bill Fox has been named creative director at Hedden Marketing Services in Troy.

Selwyn H. Rose of Troy has been named vice president, technology at Parker Chemical Corp.

Richard Stora has been named vice president — franchising at Inacom national headquarters in Troy.

William House has been named vice president of design for Creative Environments Plus in Birmingham.

Christine Sparks of Bloomfield Hills has been named accounting supervisor at the Trerice Management Co., Birmingham. Nona Vuckel has been appointed property manager with the Trerice Management Co.

Solon J. Pitts, new vehicle salesman for Dick Green Chrysler-Plymouth Inc., Farmington, has earned the Gold award, the highest level of achievement in Chrysler-Plymouth's Sales Professionals Club.

Solomon J. Curran of Southfield has joined Arthur Andersen and Co. as a manager for the northeast region of the firm's International Trade-Customs Practice.

Harvey Urvortz of Southfield has been named a new agent at Farm Bureau Insurance Group.

A.A.A. Michigan Council has named the following area people as officers or governors. They are: Bruce S. Wagner of Birmingham as chairman; Walter Dunn of Southfield as vice chairman and John Miley of Southfield as secretary-treasurer.

Patricia A. Adanti of Southfield has joined PR Associates Inc. as account executive. Adanti is a member of the Public Relations Society of America and the Adcraft Club of Detroit.

Gregory M. Jones of Southfield has been named director of marketing for MCI Midwest, including Michigan, Wisconsin, Ohio, Illinois and Indiana.

Empire of America in Southfield has named the following persons to new positions. They are: Terence Aubrecht, consumer loan collection manager; Zephyr Brown, manager indirect auto financing; Anne McMinn, marketing officer; and Linda Miracle, student loan manager.

Dennis J. Curran of Southfield has joined Arthur Andersen and Co. as a manager for the northeast region of the firm's International Trade-Customs Practice.

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WOMEN'S FINANCES

Wednesdays, July 3, 10 — "Fiscal Fitness" course offered 6:30-8 p.m. in Dearborn. Fee: \$10. Information: Jennifer Bageris, 277-2500. Sponsor: PalineWebber.

INTRO TO IBM-PC

Mondays, beginning July 8 — Two courses on introduction to IBM personal computer begin at either 9 a.m. or 7 p.m. in Bloomfield Hills. Fee: \$42. Information: 334-3578. Sponsor: Bloomfield Hills School District recreation department.

INTRO TO COMPUTERS

Mondays, July 8-29 — Introduction to computer offered 4-6 p.m. in Bloomfield Hills. Fee: \$45. Information: 345-3535. Sponsor: Cranbrook P.M./Cranbrook Schools.

INTRO TO APPLE

Tuesdays, beginning July 8 — Introduction to Apple computer begins at 7 p.m. in Bloomfield Hills. Fee: \$35. Information: 334-3578. Sponsor: Bloomfield Hills School District recreation department.

MANUFACTURING INFO

Wednesday, July 10 — Free manufacturing information and control systems seminar held 9:30-11:30 a.m. in Southfield. Information: Jo Williams, 500-547-1700. Sponsors: AT&T Information Systems, Key Systems Inc.

SMALL BUSINESS WORKSHOP

Thursday, July 11 — Free small business work-

shop on how to start or run a successful small business offered 7-10 p.m. in Troy. Information: 544-4226. Sponsor: Wayne State University, Small Business Management School.

MANAGING FOR PROFIT
Thursdays, July 11 to Aug. 15 — "Managing for Profit" small business workshop offered 7-10 p.m. in Troy. Fee: \$285. Information: 542-4220. Sponsor: Small Business Management School.

BEGIN LOTUS SYMPHONY
Mondays and Wednesdays, July 15-24 — Lotus Symphony has been offered 7-9 p.m. in Bloomfield Hills. Fee: \$25. Information: 645-3535. Sponsor: Cranbrook P.M./Cranbrook Schools.

CHANGING WORLD
Tuesday, July 16 — "Keeping Pace With a

Changing World" breakfast seminar offered 9:30 a.m. in Bloomfield Hills. Fee: \$10 for non-members. Information: 644-3633. Sponsor: Oakland County Chamber of Commerce's council on small enterprise.

BEGIN LOTUS SYMPHONY
Thursdays and Thursdays, July 18-25 — Lotus Symphony for beginners offered 4-6 p.m. in Bloomfield Hills. Fee: \$25. Information: 645-3535. Sponsor: Cranbrook P.M./Cranbrook Schools.

Information for this column should be sent to the business editor, Observer & Eccentric Newspapers, 36251 Schoolcraft Road, Livonia 48150. Information must be received by Monday to be published in the following Thursday issue. Publication cannot be guaranteed. Information should contain a daytime telephone number where information can be verified.

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