

IRA rules understandable despite tax reform

Thanks to the Tax Reform Act of 1986, the IRA market is thoroughly confused. Just at the time we were beginning to feel comfortable about making our IRA contributions routinely, the new law threw a monkey wrench into the IRA tax deductibility rules.

The new buzz words are: "Covered by Pension Plan," "Income Lower than the Maximum Amount" and "Co-mingling Rules."

First thing first: 1986 IRA

For 1986, my advice is simple: Go for it.

The tax law has in no way affected the deductibility of 1986 IRA contri-

butions, and the old law still applies. You can still make a fully deductible contribution of \$2,000 apiece, or up to \$2,250 for a one-income couple.

Remember, though, that you must make your contributions by April 15, even if you are granted an extension for filing your tax return.

1987 IRA: no pension plan

If you are not covered by any company retirement plan, the old rules still hold and you need not worry about the new IRA rules.

One important caveat: Even if you spouse participates in a company retirement plan and you do not, the law assumes that you are covered by a pension plan and the new



finances and you

Sid Mittra

rules apply to you.

1987 IRA: Income tax

If you are covered by a company plan, then the following rules apply to you.

If you are single and earn less than \$25,000, your IRA contribution is fully deductible. If you make \$25,000-\$35,000, it is partially de-

ductible. If you make more than \$35,000, your contribution is not deductible against your current income.

If you are married (filing jointly) and earn less than \$40,000, your IRA contribution is fully deductible. If you make \$40,000-\$50,000, it is partially deductible. If you make more than \$50,000, your contribution is not

deductible against your current income.

Clearly, if you are single/married and have an income of more than \$35,000/\$50,000 you are not allowed to deduct your IRA contributions from your taxable income.

If your adjusted gross income is \$25,000-\$35,000 (\$40,000-\$50,000 on a joint return), you still get some deduction, but you lose \$1 worth of deduction for every extra \$5 you earn.

For instance, a single taxpayer with \$37,619 in adjusted gross income is entitled to a \$680 (\$676 rounded off to \$680) deduction. If he contributes \$2,000, the remaining \$1,320 will not be deductible.

Next week: More on IRAs.

Educational Seminar: "New Solutions to Old Financial Problems Under the New Tax Law." The seminar, sponsored by the Observer & Eclectic Newspapers and Coordinated Financial Planning Inc., will be held 7-9:30 p.m. Tuesday, April 14, at the Baldwin Public Library, 300 W. Merrill, Birmingham.

For more information or reservations, call 643-8888.

Sid Mittra is director of certificate program in personal finance at Oakland University and president of Coordinated Financial Planning Inc.

datebook

WOMEN IN BUSINESS

Thursday, March 19 — National Association of Women's Business Owners meets. Information: 645-2200.

FAMILY BUSINESSES

Thursday, March 19 — Detroit Family Business Council meets. Information: 491-5300.

B'NAI B'RITH REAL ESTATE

Thursday, March 19 — B'nai B'rith Real Estate & Construction Unit meets at 7:30 p.m. in Southfield. Information: Cindy Greenspan, 557-2200.

WOMEN BUSINESS OWNERS

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Association of Women's Business Owners meets. Information: 645-2200.

PERSONAL FINANCES

Thursday, March 19 — Free seminar on effect of Tax Reform Act of 1986 begins at 7 p.m. in Troy. Information: Veronica Hollingsworth, 689-9489. Sponsor: Howard L. Johnson Co.

TECHNOLOGY FAIR

Thursday-Sunday, March 19-22 — Michigan Technology Fair open in Detroit. Information: 763-9757. Sponsor: Michigan Technology Council.

FULL GOSPEL BUSINESSMEN

Friday, March 20 — Full Gospel

Business Men's Christian Fellowship meets at 6 p.m. in Farmington. Information: Stanley Marcotte, 464-7291.

BUSINESS WOMEN

Saturday, March 21 — Troy Chapter of American Business Women's Association holds Professional Day Getaway from 8:30 a.m.

to 3:30 p.m. in Troy. Fee: \$35. Information: Kim Cooley, 649-5400.

ACCOUNTING ASSISTANTS

Tuesday, March 24 — Free job opportunity seminar to learn about accounting assistant career begins at 7:30 p.m. in Rochester. Information: 570-5120. Sponsor: Oakland University.

business people

Arthur Moreau was named vice president/director of marketing for Dick McGill's Complete Travel Service in Troy. Moreau recently retired as district director of marketing for Delta Airlines. He has been in the travel business for more than 20 years and has traveled to 30 countries.

Robert P. Jones of Troy was named vice president/general manager and appointed vice president/chief financial officer at Kasper Machine Co. in Madison Heights. A 21-year veteran of the machine tool industry, Jones will be responsible for all Kasper manufacturing, sales and engineering functions.

Thomas P. Munniger of West Bloomfield was named local sales manager for WRIP Radio. Munniger assumes his new responsibilities after almost five years as a WRIP account executive.

Patty Kerr of Southfield was promoted to account executive at W.B. Doner advertising agency based in Southfield. Kerr joined Doner in 1985. She will work on the Hygrade Food Products/Account.

Elizabeth Meyer of Birmingham joined the Motor Vehicle Manufacturers Association as a business analyst in the policy analysis department.

Paul E. Heymans was named vice president in charge of residential production for Consumer Mortgage Corp. in Farmington Hills. Heymans has 12 years of mortgage banking experience.

Eric L. Hood joined Ray D. Elsbrunner & Co., a Birmingham-based public relations firm, as a senior account executive. Hood has worked with clients in health care, designed communications programs for schools and colleges and has taught



Moreau

Jones

In the Pontiac and Brandon school systems.

Tony Laenderberger-Holmes joined Beaumont-Bennett/Detroit in Southfield as an account executive. He brings 12 years of agency and service bureau experience and specializes in automotive directive marketing.

Gary A. Hollidge joined Eonic Inc., a subsidiary of Newcor Inc. in Troy, as project sales manager. Hollidge worked during the past year for Newcor, the parent company, as product marketing manager for tubular composite cashshats. Prior to working for Newcor, Hollidge spent 14 years at the Snyder Corp.

Lloyd Jones was appointed vice president of Marketing with Magna International Inc. Jones will be in Magna's Southfield office. His duties will include maintaining a close, high-level contact with the company's North American original equipment manufacturers.

Samuel G. Leftwich, vice chairman and director of K mart Corp. in Troy, will retire May 26. Leftwich has been with K mart for 38 years and has been vice chairman since 1985.

Leftwich began his career as a part-time stockboy in 1948 in the Omaha, Neb., Kresge store.

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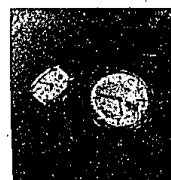
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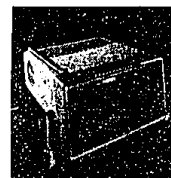
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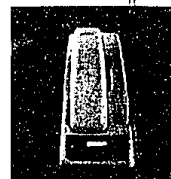
Every week from now 'til April 15th you'll have a chance to win a VCR! To enter, drop by our Livonia office and fill out your entry blank. That's 33987 Five Mile Road, Mon.-Thurs. 9:30 a.m. - 4:30 p.m., Fri. 9:30 a.m. - 7:00 p.m.



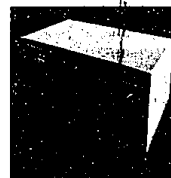
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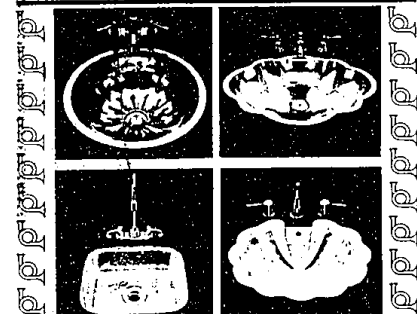
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