

Toyota wine deal bucks one-way trade trend

Just when you thought trade with Japan was a one-way street, Toyota announces a deal with Wente Bros. winery to buy 20,000 bottles of California wine and export it to Japan.

While this is no doubt a big deal for Mr. Wente and his brothers, a few cynics are saying it won't put much of a dent in Japan's current \$2 billion trade deficit with the U.S. in autos and parts.

In fact, we import about a dozen Toyotas for each bottle of Chablis that will touch Japanese lips — which is something like the Boston trade policy that kicked off the King-Tea Party.

REGARDLESS, THE Toyota wine deal brings up an interesting notion

when one considers how all those Japanese cars get here in the first place. (No, this is not the time for the old joke about putting a lot of air in their tires.)

The car carriers employed by the Japanese automakers are specialized in their task, looking sort of like military aircraft carriers, or maybe a packing crate that floats.

Tea clippers, they're not, but with their decks barely high enough to accommodate the height of a car and with the benefit of their cargo being self-propelled, they are as marvelous of packing and unloading efficiency.

So much so that the Japanese historically have found it uneconomical to load them with a return cargo,



auto talk
Dan McCosh

since the value of the transportation rarely offsets the time lost when the pocket can be carrying far more profitable automobiles.

THERE HAVE BEEN some attempts at finding something profitable for the return ride. Honda tried oranges for a while. Citrus fruit is a delicacy in Japan, which is why you stuff a couple of tangerines in your

ing from severe digestive problems. Yet another example of the results of an automotive engineering staff too long isolated from the real world.

THE RECENT elevation of concern about the U.S. trade deficit has prompted the Japanese to pay at least lip service to increasing Japanese imports. Both Mazda and Honda, for example, have announced plans to export small numbers of U.S.-made vehicles back to Japan. All, incidentally, left-hand drive, handy in Japan where they drive on the left side of the road. It apparently makes them extremely efficient as post-office delivery cars.

Aside from wine, Toyota already

imports about \$130 million worth of U.S.-made auto parts, which come back installed in about \$13.5 billion worth of assembled vehicles.

But the cash hemorrhage continues, and since Mr. Wente's wine would barely cover a single deck if stored upright, the search continues for return cargo. It's a situation tailor-made for Japanese, um, American ingenuity.

In fact, Nissan already has begun a contest to see what kind of U.S. products might appeal to the Japanese and be short enough to fit on a car-carrying boat.

No, Michael Jackson doesn't count.

Dan McCosh is the automotive editor of Popular Science.

Marital trusts pose different kind of tax twist

Part II
marital trust

In the previous week's column, we mentioned that Betty controlled \$200,000 from John's estate with unlimited powers to dispose of these assets as she saw fit. If John did not want to leave property directly to Betty for medical or psychological reasons, he could have transferred these assets into a marital trust, also known as power of appointment trust.

In this case, Betty would be given the right to designate by will who would receive the assets of the marital trust (hence, the name power of appointment trust) and such appointment may be made to anyone she chooses. Betty would receive all the income from the marital trust and may also be given the right to withdraw any part of the trust's assets during her lifetime.

TAX CONSIDERATIONS of a marital trust differ significantly from those relating to a bypass trust. Initially, assets transferred

to a marital trust qualify for a marital deduction, even though the surviving spouse does not directly control the assets.

This is because, in the eyes of the law, the spouse receives sufficient benefits from this trust to warrant such classification. Upon the death of the surviving spouse, however, the assets of the marital trust would be added to the spouse's estate.

Naturally, the entire estate would pass to the beneficiaries tax-free if the total value of the marital trust added to the value of other assets does not exceed \$600,000.

A MARITAL trust gives the spouse unlimited power to dispose of the assets in any manner he or she chooses, including a new partner after remarriage. For instance, if John creates a marital trust, he will have no guarantee that the assets will ever reach his children.

To allay that fear, John can



finances and you
Sid Mitra

create a Qualified Terminable Interest Property, or QTIP trust, also known as the current interest trust. The QTIP trust agreement, and not the surviving spouse, controls the distribution of the assets upon the death of the spouse.

Assets transferred into the QTIP trust will qualify for unlimited marital deduction, provided all of the income of the trust is paid, at least annually, to the surviving spouse. Also, no provision

for invasion of the trust can be made for anyone other than the surviving spouse.

Finally, if the assets of a QTIP trust qualify for marital deduction, then these assets must be included in the estate of the surviving spouse.

Irrevocable living trust

Finally, an irrevocable living trust can be created to pass assets free of federal estate taxes to

the beneficiaries.

In creating this trust, a person gives up any right to trust income and principal as well as the right to change the beneficiary or other terms of the trust agreement. Clearly, upon death, assets not owned by a person cannot be included in his or her estate.

There are two major advantages to creating an irrevocable living trust over outright gifts.

FIRST, THE individual has the choice of distributing the income from the trust to one or more beneficiaries.

Second, the person can specify who would inherit the principal upon death. The beneficiaries need not be the same people who receive the income from the trust.

Estate tax planning is highly

complex. Please seek the assistance of your financial planner in developing the estate plan for you.

SEMINAR: "Prevailing Economic Climate," "What Investments Make Sense Now" and "How to Invest Home Equity — Safely." The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9:30 p.m. Tuesday, April 12, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills. Admission: Tax-deductible contribution payable to Oakland University.

For reservations, call 643-8888.

Sid Mitra is a professor of management at Oakland University and president of Coordinated Financial Planning.

marketplace

The Meadowbrook Insurance Group of Southfield has formed a Limited Liability Pool to provide liquor liability coverage to the Michigan Bowling Proprietors Association.

Vickers Inc. and Kawasaki Heavy Industries Ltd. have jointly established a new company under the

name Vickers Kawasaki Controls Ltd.

PRMI Marketing and Public Relations was selected for marketing communications by Villani Eye Center Inc. and Angell Optical Co. Inc. of Harper Woods.

English Gardens received two

awards for outstanding advertising from the American Association of Nurserymen for the advertisements designed by the Berline Group Inc., Birmingham.

Nanny of America Inc. has opened at 4190 Telegraph, Bloomfield Hills. Telephone number: 540-4960.

Metropolitan Life Insurance Co. of Southfield was named 1987 Sales Officer of the year in the company's Detroit region.

Comas Productivity Systems Inc. has opened a manufacturing facility at 750 Maple, Troy.

M. Scott Kemp and Associates Inc. have moved their office to Fountain Square, 44 E. Long Lake, Bloomfield Hills. Telephone number: 258-5111.

Peterson American Corp. of

Southfield announced a joint venture with Rasmussen GmbH of West Germany to manufacture the Norma clamping and connecting products of Rasmussen.

American Speedy Printing Centers Inc. honored Livonia center owners Bev and Vicki Bosley with a Sales Leadership Award for 1987.

Wilshire Plaza-North in Troy received the 1988 Showcase of Excellence award from the Construction Association of Michigan.

American Speedy Printing Centers Inc. honored Orchard Lake center owner Debra Thompson with a Sales Leadership Award for 1987.

Sterling Savings & Loan Association of Southfield has changed its name to Sterling Savings Bank.

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