

Section 89 rules govern employee benefit plans

It is no longer possible for me to pick up a financial planning publication and not be exposed to the new Section 89 rules. Here is a reproduction of these rules by Cousins, Lansky, Fealk, Ellis, Roeder & Lazar.

Qualification rules

Under the qualification rules, each covered benefit plan must meet the following requirements:

1. The plan must be in writing by the first day of the plan year, beginning in 1989.
2. The plan must be enforceable by employees.
3. The employer must disclose the essential features of the plan to employees by Oct. 1, 1989, or the first day of the plan year, beginning in 1989, whichever comes later.
4. The plan must be for the exclusive benefit of employees.

5. The plan must be established with the intent to be maintained for an indefinite period of time.

If a plan fails to meet any of these five requirements, a portion of the value of each employee's employer-provided benefit received (rather than the coverage provided or insurance premium) is included in his or her gross income, subject to certain limitations based on each employee's compensation.

If the sanction applies, all employees, regardless of their pay level, must include in their gross income a portion of the value of the benefits received.

Anti-discrimination rules

The second set of rules deal with the anti-discrimination testing requirements. A discriminatory employee bene-



finances and you

Sid Mittra

fit plan is one that does not meet the complex eligibility and benefits tests set forth in Section 89. These tests are detailed and will require significant effort to analyze and to apply.

To the extent a plan does not pass the eligibility and benefits tests, a "highly compensated employee" must include in his or her gross income the so-called "excess benefit."

This excess benefit is based upon the value of the employer-provided coverage, not on the benefits received. The penalty also applies

only to "highly compensated employees."

The term "highly compensated employees" generally means any employee who, during the year in question or the preceding year:

1. Was at any time a 5-percent owner;
2. Received compensation from the employer in excess of \$75,000;
3. Received compensation from the employer in excess of \$50,000 and was in top-paid 20 percent of employees for such year; or

4. Was at any time an officer and received compensation greater than 50 percent of the defined benefit pension plan limitation (currently 50 percent of \$98,084 or \$49,032).

To determine whether a plan discriminates, the following employees are generally excluded from consideration when performing the eligibility and benefits tests:

1. Employees who have not completed one year of service (or in the case of benefits under a core health plan, six months of service);
2. Employees who normally work less than 17 1/2 hours per week (for employers with fewer than 10 employees, this number is 35 for 1989 and 25 for 1990);
3. Employees who normally work during not more than six months during any year;
4. Employees who are not yet 21;
5. Certain union employees; and

6. Certain non-resident aliens:

Clearly, Section 89 rules are highly complex. Consult your personal financial planner or attorney to guide.

Seminar: "Lump Sum Distribution — Five Choices," "Medicare Tax — Myth vs. Facts," "Mutual Funds — Taxable vs. Tax-deferred" and "High Returns — Must You Sacrifice Safety?"

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9 p.m. Tuesday, June 13, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy. For reservations, call 643-8888.

Sid Mittra is a professor of finance, school of business at Oakland University and owner of Coordinated Financial Planning.

Be a good listener if you want to be a good salesman

It has been said that successfully selling a product or service can be best summarized by the phrase, "selling is listening." If this were true, sales training would not have to involve much more than building presentation skills.

But the truth is that more than 50 percent of selling involves the ability to listen.

According to Kerry L. Johnson, author of "Salespeople: Are You Listening? . . .", eight steps should be followed to improve both individual listening skills and sales performance.

"Many salespeople are never adequately trained to listen," Johnson said. "Most people view listening as the passive side of the conversation. To a majority, being in control means being the speaker."

THE FIRST step in becoming a good listener is developing the ability to repeat, clarify and summarize information. "A great deal of information is lost through one-way, communica-

tion," Johnson said. As a result, achieving "congruency" through the communication process becomes important.

"Congruency provides two-way communication through the interaction between the speaker and the listener because the listener learns to listen to emotions to reach a point of trust with the speaker."

To achieve congruency, Johnson said that repeating, clarifying and summarizing information is crucial.

"It lets the client know that you are paying attention and have



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reached the same level of understanding in the conversation."

NEXT, A good listener listens to a client at the optimal tension level. Stress can be measured, with 0

being a very relaxed state and 100 an anxiety state where some people experience difficulty in thinking logically. The optimal listening tension is in the 30 to 40 range where enthusiasm thrives.

By keeping attentive and alert, a person will be able to be a better listener and retain more information. Johnson suggests some simple techniques, including standing up when possible and periodically tensing the muscles in the arms or legs while listening.

KNOWING WHAT questions to ask represents the third step in developing good listening skills. Successful salespeople know they can't sell unless they find a need or a group of needs they can best attempt

to satisfy. By asking the right questions, the chances of getting the right information will be greatly enhanced.

Next week, we will cover the remaining steps used to develop positive listening skills for improved sales performance.

Mary DiPaolo is the owner of MarketTrends, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Chamber Perspectives."

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marketplace

W.B. Doer of Southfield and Schur Peppler and Associates joined forces to form a new advertising group. It opened June 1 under the name of Doner Schur Peppler.

Kolon, Bitker and Desmond Inc. was chosen by Comfortone Corp. as its marketing, advertising and public relations agency.

MARS Advertising of Southfield was chosen among more than 50 agencies and 180 companies to receive three BIZ COM awards for the development of a 3M Consumer Audio/Video Products Division corporate image commercial and two 3M Data Storage Products Division trade promotions.

Haden Environmental Corp. of Troy received an award from the Michigan Society of Professional engineers for developing a new process to dispose of wet paint sludge. It converts sticky paint sludge into dry, non-hazardous powder.

Resource Data Systems Corp. of Southfield joined TAB Products Co. in a sales alliance. Resource Data is now an authorized TAB Laser-Optic Filing System reseller.

TCBY (The Country's Best Yogurt) opened another store in Walled Lake at 14 Mile Road and Haggerty in the Newberry Square.

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