


Municipal, zero-coupon bonds will help education

My wife and I would like to provide some money for the education of three of our grandchildren. I know the tax laws have changed, but there must be some favorable way to do this. Please give us some ideas.

Under the current tax law, a child younger than 14 may receive \$500 of income from interest, dividends and other investments tax free and an additional \$500 that is taxed at the child's rate. Any unearned income above \$1,000 is taxed at the parent's rate until the child is 14. Then it is taxed at the child's rate. You and your wife can give each child \$20,000 a year, \$10,000 from

you and \$10,000 from your wife, without any federal gift tax consequence either to yourselves or to the child. If you set up a custodial account under the Uniform Transfer to Minors Act, you may want to use someone other than the parents as custodians so as not to bring into question any expenditure of that money that might be made.

IF YOU are seeking to minimize taxes, you might consider making the gift in tax-exempt municipal bonds. Or you might choose good-grade growth stocks that don't pay much in dividends but have good prospects of appreciating in value.



today's investor
Thomas E. O'Hara
of the National Association of Investors Corp.

Zero-coupon bonds are another option. You could buy a \$1,000 high-quality 18-year municipal zero-coupon bond paying 7 1/4 percent for approximately \$285. If you bought several of those bonds for each child each year for four years, you would

be providing a nice fund. Another gift that would not result in any current tax would be U.S. Savings Bonds. As long as these bonds are held five years or more, they pay 6 percent, and the interest isn't taxable until the bonds are redeemed.

ONCE A child has reached 14 and income is taxed at the child's rate, you may want to give higher-yielding investments. Stocks that have appreciated in value may be given. If the child sells them, the capital gains tax will be at a lower rate, and the money can be reinvested.

If you have prospects of a high estate tax, annual gifts to the maximum allowed tax free may be a good idea regardless of what the respective income tax consequences may be.

Once the child is 14, if the tax on your income is 33 percent and his is in the bottom bracket, the total tax paid will be less if the money is

transferred to the child rather than kept in your hands.

Thomas O'Hara of Bloomfield Hills welcomes your questions and comments but will answer them only through this column. Readers who send in questions on a general investment subject or on a corporation with broad investor interest and whose questions are used will receive a free one-year subscription to the investment magazine "Better Investing." For a sample copy of "Better Investing" or information about investment clubs, write Today's Investor, PO Box 220, Royal Oak, Mich. 48068.

datebook

LEGAL ASSISTANT SEMINAR

Friday, Nov. 3 - "Family Law and the Legal Assistant" seminar offered 9 a.m. to 4 p.m. in Rochester. Fee: \$95. Information: 370-3120. Sponsors: Oakland County Legal Assistants Association of Michigan.

LSAT WORKSHOP

Saturday, Nov. 4 - Law school admissions test preparation workshop offered 9 a.m. to 4 p.m. in Rochester. Fee: \$175. Information: 370-3120. Sponsor: Oakland University.

BUSINESS WRITING

Monday, Nov. 6 - "Back to the Basics: The Business Writing Refresher Workshop" in Southfield. Non-member fee: \$99. Information: 644-1229. Sponsor: Oakland County Chamber of Commerce.

QUALITY CONTROL

Monday-Tuesday, Nov. 6-7 through Jan. 2 - Statistical quality control workshop offered 9 p.m. near Rochester. Fee: \$125. Information: 370-3120. Sponsor: Oakland University.

PROCRASTINATION

Tuesday, Nov. 7 - "The Paralyzing P's: Procrastination and Perfectionism" begins at 7:30 p.m. in Bloomfield Hills. Fee: \$12. Information: 370-3120.

tion: 645-3635. Sponsor: Cranbrook Schools.

COMPUTER-AIDED ENGINEERING

Wednesday, Nov. 8 - First meeting of Computer Aided Software Engineering Users Group at 6:30 p.m. in Novi. Information: Bob Hart, 259-4122.

REAL ESTATE WOMEN

Wednesday, Nov. 8 - Commercial Real Estate Women Inc. meets in Detroit. Information: Carol Bosche, 446-0291.

RETIREMENT MONEY

Wednesday, Nov. 8 - Free seminar, "Will You Be Able to Afford to Retire?" begins at 7 p.m. in Rochester. Information: Emily Ferry, 652-3200.

GLOBAL ECONOMICS

Wednesday, Nov. 8 - "Global Economics and the Stockmarket" begins at 7:30 p.m. in Bloomfield Hills. Fee: \$12. Information: 645-3635. Sponsor: Cranbrook Schools.

LONG-TERM CARE

Thursday, Nov. 9 - Free long-term care seminar at 10 a.m. or 1:30 p.m. in Southfield. Reservations: Michelle Kaleto, 358-0047. Sponsor: Shearson Lehman Hutton.

OAKLAND CHAMBER

Thursday, Nov. 9 - Oakland County Chamber of Commerce mixer in Bloomfield Hills. Information: 644-1229.

WOMEN'S ECONOMIC CLUB

Thursday, Nov. 9 - "Relationships: The Key to Your Management Ability" 6-9 p.m. in Southfield. Guest fee: \$5. Information: 963-5088.

CAREER WOMEN

Thursday, Nov. 9 - National Association of Career Women meets at 11:30 a.m. in Southfield. Non-member fee: \$20. Information: 471-5171.

JAPANESE BUSINESS

Thursday-Friday, Nov. 9-10 - "Communicating with the Japanese" offered in Rochester. Information: William Schwab, 370-1275. Sponsor: Oakland University.

VENTURE GROUP

Friday, Nov. 10 - Southeastern Michigan Venture Group meets at Walsh College in Troy. Information: Scott Eisenberg, 446-0100.

COLLEGIATE JOB FAIR

Friday, Nov. 10 - Michigan College Job Fair at 10 a.m. in Southfield. Information: 370-3120.

glate Job Fair at Orchard Ridge Campus of Oakland Community College in Farmington Hills. Fee: \$200 per company. Information: Ray Kozera, 577-3300. Sponsors: Wayne State University, Eastern Michigan University.

SALES SEMINAR

Friday, Nov. 10 - Supersonic Sales Seminar 8:30 a.m. to 4 p.m. in Troy. Fee: \$99. Information: 656-1327. Sponsor: LINK Services Co.

CPA WEEKEND

Friday-Sunday, Nov. 10-12 - CPA early weekend near Rochester. Up to 25 continuing education credits. Fee: \$90 per day. Information: 370-3120. Sponsor: Oakland University.

CONDO OWNERS

Saturday, Nov. 11 - United Condominium Owners of Michigan seminar in Southfield. Information: 352-8490.

BUILDERS ASSOCIATION

Monday, Nov. 13 - Builders Association of Southeastern Michigan meets in Bloomfield Hills. Information: 737-4477.

BIRMINGHAM CHAMBER

Tuesday, Nov. 14 - Birmingham Chamber of Commerce meets at 7:30 a.m. in Birmingham. Information: 644-1700.

Bloomfield Chamber of Commerce meets at 7:30 a.m. in Birmingham. Information: 644-1700.

BIGGER PROFITS

Tuesday, Nov. 14 - "Profit Enhancement: Improving the Bottom Line" class offered 8:45 a.m. to 4:30 p.m. in Detroit. Fee: \$135. Information: 689-8282 Ext. 260. Sponsor: Walsh College.

WOMEN IN SALES

Tuesday, Nov. 14 - Professional Women in Sales meets in Bloomfield Hills. Information: 473-2253.

EMPLOYMENT LAW

Wednesday, Nov. 15 - Seminar on current employment problems 8:30 a.m. to 4 p.m. in Detroit. Fee: \$35. Information: Georgia Steeno, 953-6420. Sponsor: Miller, Canfield, Paddock and Stone.

DP MANAGERS

Wednesday, Nov. 15 - Data Processing Management Association meets in Southfield. Information: 535-4400.

Supervising Management Association meets in Southfield. Information: 535-4400.

SUPERVISING

Thursday, Nov. 16 - "The Super Supervisor - Dealing With The Employee of the '90s" presented 8:30 a.m. to 4:30 p.m. in Southfield. Non-member fee: \$64. Information: 737-4477. Sponsor: Apartment Association of Michigan.

LONG-TERM CARE

Thursday, Nov. 16 - Free long-term care seminar at 7:30-10 p.m. in Troy. Reservations: Deborah Kester, 879-1400. Sponsor: Shearson Lehman Hutton.

VENTURE GROUP

Friday, Dec. 8 - Southeastern Michigan Venture Group meets at Walsh College, 3538 Livernois, Troy. Information: Scott Eisenberg, 446-0100. Members include accountants, lawyers, consultants and other service providers who can assist in the development of new businesses.



bob stern
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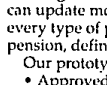
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