

# BUSINESS & FINANCE

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THURSDAY, OCTOBER 24, 1996 • PAGE 1 SECTION D

## Variable life insurance can protect estate

**Editor's note:** This is the seventh article in a nine-part series on risk management. Next week's column will discuss split insurance.

**I**f your heirs may have difficulty paying estate taxes on your investments or business — and you don't want them to have to liquidate their inheritance — the life-insurance industry has a solution. It's called variable survivorship life.

Variable survivorship combines two types of insurance: variable universal life and survivorship life, also known as second-to-die.

The policies cover two people and pay out after the death of the second person; therefore not only is it cheaper than individual coverage but it is also a great tool for couples who want to provide their children with cash to pay taxes.

Although estates pass tax-free between spouses, other heirs are liable for federal estate tax, which can be as high as 55 percent on large estates. As part of a properly structured plan, life-insurance payouts can be free of both income and estate tax.

### Flexibility

The variable universal-life part allows policyholders to oversee the build-up of cash value as part of their investment portfolio, choosing among professionally managed subaccounts made up of stocks, bonds, and money-market instruments. Some companies also offer real estate and international funds.

Traditional survivorship life policies accumulate cash value only within the insurer's general account, normally a conservative bond-based mix guaranteed to grow at a rate of 4 percent or 5 percent. With variable insurance, policyholders can take on more risk — and in the long run expect to achieve higher investment returns.

Since the life insurance is "universal," you get great flexibility over when and how much to pay in as premiums.

If your investments fare well, you might be able to stop premium payments sooner or increase the death benefit, depending on the kind of policy you have selected.

For instance, with some companies, policyholders can elect to increase the death benefit as the cash value builds up.

That way, the policy's face value can keep up with growth in your estate, assuring that there would be enough funds available to cover estate taxes.

There's another advantage to variable life. With fixed accounts, you are technically a creditor of the insurance company, and if it becomes insolvent, you could lose access to the cash value.

Variable accounts, however, are separate from the insurer's general account, so access shouldn't be a problem if the company gets into financial trouble.

Since survivorship policies may be in force for 30 or 40 years — and you can't predict how companies will fare that far into the future, variable policies may provide the peace of mind some people immensely value.

But what about the risk that your investment choices will go sour? That is, of course, one of the greatest drawbacks of this type of policy.

However, you might be able to limit your investment risk by diversifying, as it is important to choose a policy with several subaccounts.

Also, look for policies with good track records and liberal liquidity and transfer rules.

See MITTRA, D3

**This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary — including the towns of residency and employment and a photo, if desired, to: Business Milestones, c/o Business Editor, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.**

**Donna Meindt Mitchell** of Troy joined Jones Associates, Inc. as a senior consultant. The Troy-based firm's main focus is on conducting major capital

## BUSINESS MILESTONES

campaigns for non-profit organizations in southeast Michigan. Mitchell returned to metro Detroit after a decade of serving non-profits across the country.

**George Monticello** of Royal Oak joined Bloomfield Hills-based D'Arcy Masius Denton & Bowles as a relationship marketing account supervisor on the Pontiac account. He comes to the agency from J. Walter Thomp-

son, Detroit.

Troy-based Institute Marketing and Design Group, Ltd. announced the addition of Michael Smith of Troy to the design staff and Amy Prusniowski of Royal Oak as office manager and public relations coordinator.

**Sara Brogan** of Birmingham was promoted from account coordinator to assistant account executive at Troy-based Eisbrunner Public Relations. Brogan helps manage and implement media relations, special events and research activities for Lear Corp., Labovitz DRG and the Baldwin and Bloomfield Township Libraries.

## Chrysler pledges \$1 million OU programs



In an effort to help Oakland University produce skilled workers for the future, Chrysler vowed this week to donate \$1 million to science and engineering projects during the next five years.

Chrysler Corp. announced it will commit \$1 million to Oakland University's science and engineering projects.

The gift, to be paid over five years, represents the largest commitment in a long history of the automaker's philanthropy to Oakland, including

nearly a half million dollars in recent gifts to OU's Meadow Brook Theatre, School of Business Administration, School of Engineering and Computer Science and distance learning programs.

The gift symbolizes Chrysler's long-term generosity and goodwill

toward the university as well as the corporation's excitement over OU's growth and strategic direction, according to a Chrysler spokesperson.

The current partnership extends to research opportunities, faculty and student internships, educational seminars, academic enhancements, training and recruitment.

Chrysler currently employs 705 Oakland alumni.

"We applaud Chrysler Corporation's commitment to Oakland Uni-

versity and the community," OU President Gary D. Russi said.

"Chrysler has supported almost every aspect of OU's endeavors — from faculty research to student scholarships, from facilities to fellowships. Chrysler's dedication to forming cooperative partnerships among industry, government and educators is helping OU deliver educational services that are in market demand and relevant to the community. Chrysler Corporation's gener-

See GRANT, D4



**Warning:** Dave Carlson of Bloomfield Hills is warning businesses to fix the date code in all computer systems before 2000 rolls around. If they don't, it may well spell disaster.

## Apocalypse

### Bloomfield firm helps businesses face 2000 crisis

BY ROB SNELL  
SPECIAL WRITER

If dressing up in a feathery, yellow-suit and clucking like a chicken would help, Dave Carlson is not above doing so. Because — and he promises — the sky is falling.

Carlson, 56, and his Bloomfield Hills-based consulting firm, Customer Focused Technology warns that business owners need to upgrade computer systems so that the year 2000 is recognized.

And soon. The price of ensuring a successful conversion is rapidly rising as the country faces what he calls the "computer apocalypse."

Systems ranging from giant corporate mainframes to notebook-sized personal computers were created with a reliance on a two digit date — '96 instead of 1996 — and are sus-

See APOCALYPSE, D2

## Retirement workshop this weekend

A two-day workshop aimed at retirees and pre-retirees will feature exhibits covering a range of financial and lifestyle issues.

Retirement Workshop & Fair, co-sponsored by Society for Lifetime Planning in Troy and WJR Radio in Detroit, will run 8:30 a.m. to 6 p.m. Saturday and 9 a.m. to 5:30 p.m. Sunday, Oct. 26-27, at Meadow Brook's Sherwood-Gustafson Pavilion at Oakland University in Rochester Hills.

**RETIRING** Admission is \$5 per person, or two admissions for \$7. For reservations, call (810) 982-1744.

In addition to four workshops each day, participants will hear guest speakers and browse through exhibits offering special-interest products and services for retirees. Saturday's speaker is comedian Soupy Sales. Dr. Sonya Friedman, a psychologist, will discuss the concerns of women retirees on Sunday.

Believed to be the area's biggest retirement fair, sponsors call the event "a retirement adventure." Participants will win free vacations, and pick up special offers and discounts from workshop sponsors.

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