

MORE THAN MONEY



SID MITTRA, PH.D.

Avoid estate planning' 10 deadly sins

Editor's note: This is the last article in a four-part series on pitfalls to avoid in estate planning.

In this column the remaining two estate planning sins are presented.

IX. Fail to choose the most effective way of paying estate taxes

In addition to the life insurance trust already discussed, there are four additional ways of passing along more of your assets to your heirs.

1. Family trust. Also called a credit shelter trust, a family trust can double the amount of assets that a married couple can pass on to their beneficiaries free of estate taxes. Assume you and your spouse have an estate worth \$1.25 million.

When you die, the unlimited marital deduction lets your spouse inherit all you own without incurring estate taxes. But when your spouse dies and leaves everything to your children, the value of the estate exceeding \$625,000 will be whacked with estate taxes of roughly \$482,500 (37 percent which is the minimum rate).

To avoid that hit, stipulate in your will that \$625,000 of your assets go into a family trust. Your spouse can receive all the income from the trust — and some of the principal, as needed — for life. When your spouse dies, up to \$625,000 of your spouse's trust assets go to your children, free of estate taxes. This way a \$1.25 million estate escapes estate taxes entirely.

2. Qualified personal residence trusts. You can transfer your residence to your children — and retain the right to live there, say, for 10 years — by creating a personal residence trust. After the 10 years, the trust ends and the house goes to your kids as a gift. You can still stay, provided you pay your children/landlords the market rent.

3. Charitable remainder trust. Any one who wants to leave a legacy to a favorite charity and cut taxes while doing so should look into a charitable remainder trust. This vehicle works especially well if you donate highly appreciated assets, such as stocks or mutual funds. When you place the assets in the trust, you qualify for an immediate charitable income tax deduction.

The trustee can then sell the appreciated assets — without triggering

Please see MITTRA, C3

Sid Mittra, Ph.D., CFP, is professor emeritus of finance, at Oakland University, and owner of Mittra & Associates, a Rochester Hills financial consulting firm. This column was critically reviewed by Professor Jerald Grossman of OU. You can email questions or comments to Sid Mittra at smittre@oonline.com.

New Roth IRA program starts Jan. 1



Congress is giving investors a holiday gift with the Conversion Roth IRA which spread out the initial tax liability over four years — as opposed to paying it all at once — when you convert from a traditional IRA in 1998.

Thanks to Congress, about 95 percent of Americans have a chance to take advantage of a new "gift offer" that really can "keep on giving."

The Roth IRA, while not your typical stocking stuffer, allows people to save money tax-free to plan for major life events such as education and the

purchase of a first home.

"A gift like the Roth IRA is like expecting one package and finding two under the tree," said Randy Boser, vice president for Retail Retirement Plans at American Express Financial Advisors. "One package is the Contributory Roth IRA

that allows taxpayers to contribute up to \$2,000 a year in the account. The second is the Conversion Roth IRA, which lets people trade in their 'previously owned' IRA for the new Roth."

The real goodies in the packages have to do with taxes. Unlike a traditional IRA, when you cash in the Roth IRA, you don't pay any taxes. (This does assume you're willing to hold your account more than five years and you're over age 59½ at withdrawal.)

If you convert from the traditional IRA to the new Roth IRA, there is

some tax liability up front.

"But there's a special 'one-time offer' in 1998 on the Conversion Roth IRA," Boser noted. "Instead of paying the taxes all at once, Congress is letting us spread the taxes out over a four-year period."

Here are more details about your holiday offer:

• Is this gift only for me, or can I share it?

If you're single and have an adjusted gross income (your wages, divi-

Please see IRA, C3



Happy workers: Beaumont pediatric nurse Peg Heckman, from left, recreational therapist Kathleen Grobbel share a few moments with mother Michelle Beddell with young patient Andrea Beddell, 3. The hospital was recently named one of the best places to work by Fortune Magazine because of its family-orientated programs and educational opportunities for workers.

PHOTO BY PETER ROBERTS

Top 100

Beaumont one of best places to work

Fortune Magazine named the Oakland County-based William Beaumont Hospital system as one of the "100 Best Companies to Work for in America" this month in its first-ever survey.

Magazine editors presented the list Friday morning on NBC's "Today" show. It will be published in Fortune's Jan. 12 issue due on newsstands Dec. 29.

Beaumont, which runs hospitals in Troy and Royal Oak, was one of only five Michigan companies included in the list and one of two hospitals.

"Beaumont is extremely honored to be named among the top 100 companies in America to work for," Ted Watson, president and CEO of William Beaumont Hospital, said.

"Beaumont has consciously strived to create a work environment which is responsible to the needs of employees. As a result, we have a truly talented staff that is dedicated to providing our patients with excellent care in a compassionate manner."

The listing was the result of employee benefits and positive feedback from employees surveyed about programs and the work environment. It was deter-

Please see BEAUMONT, C3

Farmington credit center get new CEO

The Board of Trustees of Credit Counseling Centers, Inc., based in Farmington Hills announced that Jane E. McNamara has assumed the duties of president and CEO.

McNamara began her career at the CCO in 1980 after completing her master's degree in family economics and management at Michigan State University.

She worked as a counselor for three years before becoming director of education. After two years in that role, she was given additional responsibilities,

working on strategic planning and special administrative projects. In 1988, McNamara was promoted to vice president and COO.

While managing day-to-day operations, she participated in an expansion effort resulting in the company tripling in size in approximately five years. She was promoted to executive vice president and COO in 1994.

In addition to her accomplishments at CCO, McNamara was recognized by the Society of Certified Financial Executives with the Certified Financial Counseling

Executive distinction in 1991 and was acclaimed by Eastern Michigan University with a Distinguished Service Award for family economics and consumer affairs.

In 1992, she received the Philip A. Hart Honorary Award for outstanding work in the education and counseling of consumers.

McNamara served on the board of the Society of Consumer Affairs Professionals in Business from 1989 until 1996 and served as the national organization's president in 1995.

Southfield's Lear on track with Stewart Prix team

Southfield-based Lear Corporation, one of the world's leading suppliers of automotive interior systems, has signed a three year agreement with Stewart Grand Prix to provide design, engineering and manufacturing support for the team's testing and interior or safety systems beginning with the 1998 Formula One racing season.

"We believe we're the first automotive interior systems supplier to get involved in Formula One racing," said Dan Jannette, president of Lear's Technology Division, "and we believe this involvement with Stewart Grand

Prix will not only provide significant benefits to the team, but could also provide important benefits for our automotive industry customers and eventually to the consumer."

"Jackie Stewart has been a strong proponent of safety in motorsports for decades as well as a being a much sought after automotive consultant. Teaming up with Stewart Grand Prix gives Lear the opportunity to demonstrate and further develop its technical capabilities while providing its technology to the Stewart team," he said.

"Lear has been involved in racing seat development for the CART, Indy Racing League, Indy Lights and Trans Am racing series," Jannette said, "and we've learned many valuable lessons during that involvement, lessons that will be shared with the Stewart Grand Prix team."

Lear will provide state-of-the-art, technologically advanced seating and occupant protection systems for the Stewart team beginning with the 1998 Formula One racing season. The seats, built of carbon fiber and

Please see LEAR, C3

Employment rate edges up in November

More Michigan workers were on the job in November than at any other time in the state's history, despite a small increase in the state's jobless rate, Doug Rothwell, CEO and department director of the Michigan Jobs Commission (MJC), announced today.

"Both employment and work force levels experienced stronger than normal growth in November," Rothwell said. "Employment grew by 15,000, pushing employment to a record high 4,714,000, while the work force climbed by 20,000 to an all-time high of 4,911,000."

Work force growth has been strong over the past three months, Rothwell noted, with an average of 21,000 workers entering the state's job market each month. There have also been solid employment gains in recent months as the number of employed workers has grown by

Please see JOBS, C3

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 residence, age and employment and a photo, if desired, to: Business Milestones, Observer & Eclectic Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (248) 644-1314.

David Bradley of Clinton Township was named program manager at Rieter Automotive North America in Farmington Hills. He will be responsible for management of new Rieter Automotive North America programs under development with General Motors. He was previously an account manager at United Technologies in Dearborn.



Jeff Caponigro of Troy, president and CEO of Caponigro Public Relations, has been appointed to the Board of Trustees at Walsh College. He established his own firm in 1995 and had previously been with Detroit-based Casey Communications Management for 11 years. He specializes in crisis management.



Cheryl Chandler of Farmington Hills, has joined the Detroit-based law firm of Wulfeimer & Ottewill as a non-equity partner. She focuses her practice in the areas of med-



Sallylou Cloyd of Troy will become the president and CEO of the SOO Credit Union Jan. 2. She is succeeding Eldon Thompson who is retiring. She will be responsible for the operations of the 17,000-member, \$126 million Troy-based credit union. She was previously executive vice

BUSINESS MILESTONES

ical malpractice defense and product liability for pharmaceutical and health care product manufacturers. She was previously with Schureman, Frakes, Glass & Wulfeimer for 16 years.

president. She started with the credit union in 1974 as a loan adjuster.

David Crowley of Farmington Hills has been appointed manager of franchise development for A&W Restaurants headquartered in Livonia. He was previously coordinator of new business development at Little Caesar's. He will be responsible for developing new stores for A&W, which is the oldest franchise restaurant chain.

Linda Liebe recently joined the Smith-Winchester marketing agency in Southfield as a controller. She will be responsible for all accounting functions for the agency. She has

been a controller at several local companies and has most recently been an instructor at Hillsdale Community Schools.

Connie Merrill of Waterford was promoted to store manager at the Rite Aid drugstore in the Orchard Plaza in Farmington Hills. Merrill has worked in retail for more than 20 years and joined Rite Aid in 1994.



William Roney III of Birmingham, COO of Roney & Co., has been appointed to the Board of Trustees at Walsh College in Troy. He

became a principal in the firm in 1978. He was previously an investment analyst, director of research, director of financial services, director of products

and marketing, director of business development and director of capital markets at the firm.



Brian Ventura of Farmington Hills has been elected vice president of engineering at Nordstrom Samson Associates in Dearborn. He will be responsible

for all mechanical, electrical and structural engineering activities, including production control, quality processes and project management.

Elizabeth Yack of Novi has joined triad Performance Technologies Inc., in Farmington Hills as a consulting associate. She was previously a client service specialist for Norrell Services.