

MORE THAN MONEY



SID MITTRA, PH.D.

To cut annual tax bill, look for ways to deflect

Editor's note: This is the fourth article in an eight-part series on tax planning.

Today's column discusses deflection, shifting taxable income, as a tax planning strategy. Another tax reduction strategy is deflection, which involves shifting taxable income to someone in a lower tax bracket. There are several ways of accomplishing this objective.

Kiddie Tax

The first deflection technique of reducing taxable income is to shift part of the income to a child.

However, careful planning is required to take advantage of this technique. The reason is that the Tax Reform Act of 1986 introduced the so-called kiddie tax for children under 14 with income in the form of interest, dividends, or capital gains. The salient features of this tax are presented next.

The kiddie tax is based on a parent's top rate if the child (1) is under 14 and (2) has net investment income after reducing gross investment income by \$1,300.

This tax is not levied on earned income (for example, wages). Investment income is defined as any income other than earned income and may consist of interest, dividends, royalties, rents, and profits on the sale of property.

Only net investment income is subject to tax at the parent's top rate. For purposes of this rule, net investment income equals gross investment income minus \$1,300 if the child does not itemize deductions.

If itemized deductions are used, net investment income equals gross investment income reduced by the larger of (1) \$1,300 or (2) \$650 plus itemized deductions that are directly connected with the generation of investment income. Notwithstanding the new kiddie tax rules, a number of strategies can be used to beat the kiddie tax. For instance, you can take advantage of the fact that the first \$1,300 of an under-14 child's unearned income is tax-favored.

This is done by transferring assets that produce up to \$1,300 of annual unearned income for the child. Another strategy is to switch the child's savings into investments that pay little or no current taxable income. These investments include U.S. Series EE bonds, municipal bonds, and tax-free zero

Please see MITTRA, BS

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

Troy dads teach kids about working

BY BARI PERT TEMPLTON

The idea to give young students a look at what the adult working world is all about seemed a huge challenge, but local business partners Rick Yarmy and Tom Daldin decided to tackle the task anyway.

The owners of Video Design, Inc. in Troy wrote, produced, directed and starred in what they hope will be a unique series of educational children's videos called "Bob's Job."

So far, so good for this duo as their video brainchild recently won a 1998 National Telly Award for outstanding production and content for a children's program.

The award was one of two for Video Design, Inc. The other Telly was for a Dodge Viper Simulator production displayed at auto shows and special racing events internationally.

Yarmy founded Video Design Inc. in Troy 14 years ago.

"My father owns a production company here in Troy and right out of school I started my own company doing editing for promotional programs and training films," he said.

Since then the full service video company has won numerous awards for its creation of commercial, entertainment and training films for fortune 500 companies around the world.

"We film video programs and marketing or corporate type projects for the big three," Yarmy said. "We do a lot of auto show videos with pretty cars and lots of demo and training films that's our main business."

Daldin came aboard as Yarmy's partner at Video Design, Inc. about 18 months ago. A former promotions manager for radio station WCSX, Daldin was eager to bring the "Bob's Job" project to life.

"Our main push is that we want kids to see how much fun it is when someone loves their job," he said.

The original concept for the "Bob's" series was born two and a half years ago. Daldin and Yarmy, who met on the job but had become close personal friends and whose families shared lots of activities together, fine tuned their plans on weekends.

Nearing the final production stages



Medley: Rick Yarmy and Tom Daldin are expanding their Troy business, Video Design, Inc., to include films teaching children about various careers. Daldin, right, plays "Bob" in the "Bob's Job" series.

the duo were firm on one major point - "Bob's Job" was not going to be a dry or technical "how to" series. In fact their main motivation was to give youngsters a fun and interesting look at the working world of grown-ups.

Donning a dark suit, thin tie and goofy grin, Daldin quickly transformed himself into the wise cracking "Bob," offering tour guide for kids viewing the program.

"Tom always wanted to be on camera and always had an aptitude to be the talent," Yarmy said. "I said that was fine I'd be producer and director. We co-wrote the script."

The 30 minute tape begins with "Bob" arriving unannounced in the bedroom of a Northwest Airlines pilot

and his co-pilot, Julie Bailey, answer questions about the instrument panel, the plane's altitude, the temperature outside at 37,000 feet (50 degrees below zero) and the auto-pilot functions.

Filming the original pilot took three to four months and the company had planned to sell the project for a television release.

"We thought doing a pilot (film) on a pilot was cute," said Yarmy, who was impressed by the assistance his company received from Northwest Airlines.

Once airline officials saw the pilot they were so impressed they ordered

Please see BOB'S JOB, BS

Ability ageless at Operation ABLE job fair

Operation ABLE of Michigan, a Southfield-based employment and training agency will host its 12th annual "Ability is Ageless" job fair will be held April 22 at the Ramada Southfield Hotel.

The fair is a unique opportunity for people 40 and older to meet with a wide variety of employers from throughout southeastern Michigan and to energize their job search and career development, according to Karen Kosniowski, president of ABLE.

"We're expecting more than 1,200 people," Kosniowski said.

"Last year, more than 20 employers participated and took advantage of an opportunity to recruit skill, dependable applicants."

Kosniowski noted that job seekers should bring 20 copies of their resumes and dress for a business interview. Reservations are not required.

Sponsors of the "Ability is Ageless" job fair, in addition of Operation ABLE, included the Michigan Office of Services to the Aging, WJBK Fox 2 and Manpower Temporary Services Automotive Division.

The fair begins at 9 a.m. and runs until 1 p.m., Wednesday, April 22 at the Ramada Southfield Hotel located at 17017 West Nine Mile Road, directly across the street from WJBK.

Information about the job fair is available on the web at <http://connect.org/able/jobfair.html>.

Additional information about Operation ABLE and the "Ability is Ageless" job fair is also available by phone at 1-800-822-HIRE.

OU opens cutting-edge laboratory with EDS donation

Oakland University dedicated a new software verification and testing laboratory, April 3, made possible by a \$200,000 gift from EDS. The state-of-the-art lab is designed to forge an alliance between business and education in creating the next generation of software development, and will serve as a consulting center for area industries.

Goals for the EDS Software Verification and Testing Laboratory include studying the development and testing of safety-critical software. Engineering Professor and Lab Director Janusz Leski of the School of Engineering and Computer Science (SECS) describes

this software as vital to many industries such as avionics, nuclear energy, medical monitoring and vehicle brake control. According to OU President Gary D. Russi, OU and EDS anticipate the lab will provide students with the expertise needed to compete in a highly competitive global economy.

EDS Strategic Support Unit Director Otis Walton says the lab will advance the state of software verification and testing techniques.

"EDS feels this joint effort will result in maximum benefits for EDS, Oakland and the community," Walton said. "This opportunity represents a chance for industry and educational thought

leaders in the software development world to unite and forge the next generation of software techniques critical to our success. We look forward to the day when Oakland University delivers software developers to our doors using techniques pioneered and developed in this lab."

SECS Dean Michael Polis agreed the lab will help Oakland to produce skilled graduates adept at software problem-solving.

"As potential future employees, these graduates will have the skills and knowledge necessary to be assets to global leader EDS, as well as other organizations," Polis said.

Oxford Auto buys Eaton suspension

Oxford Automotive Inc., headquartered in Troy, announced last week that it has closed on its agreement to purchase the suspension division of Eaton Corporation.

Oxford and Eaton had reached agreement to purchase the North American Tier 1 supplier of leaf spring suspension systems March 16.

Eaton's suspension division has annualized sales of approximately \$130 million per year, and maintains three manufacturing operations with approximately 1,060 employees.

The division is a full line supplier of multi-plate and long taper leaf springs for sport utility vehicles (SUV), and light-, medium- and heavy-duty trucks.

With this most recent acquisition, Oxford is fast becoming an industry leader in the development and manufacture of control arm and other suspension products to the light truck and SUV market.

BUSINESS MILESTONES

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, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (248) 644-1314.

Joel S. Adelman of Birmingham has been elected chair of the board of directors and CEO of the Detroit-based law firm of Honigman Miller Schwartz and Kohn.

Mark Dutil of Bloomfield Hills

has been promoted from senior brand creative director to senior creative director at The Berline Group in Bloomfield Hills. He will be responsible for all the agency's creative campaigns.

Roy Ely of Lake Orion has been appointed president and chief executive officer of Franchise Coatings in Walled Lake. He replaced Alfred Rich who founded the company. He is responsible for all aspects of the business. He was previously CEO of Geometric Products in Detroit.

Dawn Edzik has been named vice president of accounting at StaffPro, Inc. in Bloomfield Hills. She is responsible for all payroll and general accounting functions at the company.



Matthews

She will coordinate third party chain contacts with health insurance companies for franchisees.

Edward Gilleland of Clarkston has been hired as a traffic coordinator at The Berline Group in Bloomfield Hills. He was previously a production assistant at WMMT-TV in Kalamazoo and a producer for Ay Com in Clarkston.

Yvonne Gallagher of Roseville Hills has been named vice president of pharmacy administration at Sav-Mor drugs headquartered in Novi.

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Havard

She is responsible for day-to-day execution of automotive and service client activities.

Jerry Katchman of Bloomfield Township has been named executive vice president and COO of Sav-Mor drugs headquartered in Novi. He is responsible for

marketing for Sav-Mor's franchise network and coordinating day-to-day store operations.

Kridler

formerly an associate with a pension investment firm located in Bingham Farms.

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Bruce Kridler of Bloomfield Hills has been hired as an assistant vice president for Huntington National Bank's private financial group in Troy. He was

Lawton

oversees the company's global finance and administrative operations.

Mike Manza of Bloomfield Hills has joined Stone, August, Medrich & Company as an account executive. He will service Valente, Inc. as well as other business-to-business accounts. He previously spent six years with McCann-Erickson where he was a traffic manager.



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