

Stock endangers older woman's estate

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Ferrara believes that one of the strengths of Katherine's situation is that she already has a will. But she might consider additional steps in estate planning.

"While a will is a good start, it does not prevent probate of the estate or protect a person in the event of incapacity prior to death. Katherine may want to consider setting up a living trust arrangement and funding her assets into the name of that trust. The advantage of this type of trust is that Katherine, as trustee during her lifetime, will have total control over the assets for her benefit yet because the assets are titled in the name of her trust, at her death there will be no probate of the assets in the trust."

In addition, the trust can make provisions for a successor trustee chosen by Katherine to manage any trust assets for her benefit in the event of incapacity. With a trust relationship established in advance, the cost and time delays of an appointment of a guardian and conservator can be avoided.

FOR THE SAME reason, Katherine may also want to consider executing a durable power of attorney,

which would allow a trusted person to control her affairs solely for her benefit. In the event she becomes incapacitated prior to death.

If Katherine is charitably inclined, she may want to consider a "charitable remainder trust." Ferrara explained that "this type of trust will allow Katherine to have the use of assets placed in the trust during her lifetime. At Katherine's death, assets can be used for the benefit of other heirs and eventually be given directly to a charity or be used for the charity's benefit."

"If Katherine were to place her current low-yielding stock in the trust, the trust could sell the stock without being taxed on the built-in gain, and the proceeds could be reinvested to increase her income. In addition, a charitable income tax deduction could be received."

"If she were worried about losing an asset for her heirs, an insurance policy could be purchased on her life with the heirs as beneficiaries to offset this asset loss. This strategy may be particularly appealing to older clients who feel locked into investments because of potential capital gains tax on the sale."

One thing of note is that at Katherine's death, there will be Michigan

inheritance tax and federal estate tax because Katherine's assets exceed non-taxable limits. To the extent that at her death the estate continues to exceed \$60,000, any excess, after various deductions and credits, will be subject to Federal Estate Tax. If Katherine is so inclined, she may want to consider making current gifts to relatives in order to reduce her estate, thereby reducing federal estate taxes. As long as current gifts do not exceed \$10,000 per recipient per year, there would be no federal gift tax.

One important aspect not noted yet is Katherine's modest living standard. This can be both a strength and a weakness. On the one hand, being conservative in spending is a good idea in order to avoid living beyond one's means, yet on the other hand, being too conservative results in being afraid to spend money on certain necessities which certainly can be afforded. Katherine may want to consider enjoying her assets more during her lifetime by not putting off purchases which she desires. Katherine has worked hard during her life to amass her nest egg. Fine tuning of her financial planning strategies can allow her to maximize enjoyment of these assets.

business briefs

Raimondo Zallo was appointed president of Mandelli Inc. of Farmington Hills. He was formerly deputy sales manager for Mandelli Industrial.

John P. Walkowski joined H & H Tube & Manufacturing Co. of Southfield as customer service representative.

Lawrence A. Jackson was promoted to executive vice president at Amber Associates of Birmingham.

Earl P. Nork was appointed sales director at Amber Associates of Birmingham.

William C. Ford was appointed executive creative director, national creative group at McCann-Erickson Detroit of Troy. He was formerly executive vice president, director of creative services at Stone August & Co.

Susan Wigton was appointed copywriter, national creative group at McCann-Erickson Detroit of Troy. She was formerly a senior writer at Stone, August & Co.

Patil Workman of ERA Mark Realty Northwest was awarded the President's Club designation for outstanding sales in 1987 by the Wayne/Oakland Board of Realtors.

Mary Bahar of West Bloomfield received the Pearl Van Award from Decorating Den Systems Inc.

Kay Cleary of Birmingham received the Pearl Van Award from the Decorating Den Systems Inc.

Deanne L. Pajot joined Casey Communications Management Inc., Southfield, as a senior account executive. He was formerly assistant to the managing director of the Oakland County Road Commission.

Paul Tomney of West Bloomfield received the 1987 President's Award from Thomasville Furniture Industries Inc.

Terry B. Taylor of West Bloomfield was appointed first vice president.



Zallo Walkowski Jackson Nork

Mary S. Thomas of West Bloomfield was appointed personal banking officer, Woodward-Hamilton office of Comerica Bank-Detroit.

William L. Kozrya of Rochester Hills was promoted to chief engineer - product engineering for the Budd Co.'s Wheel and Brake Division.

Bruce Clayton of Bloomfield Hills was promoted to traffic supervisor for Simons Michelson Zieve Inc. of Troy. He was formerly an account coordinator.

Tim Cory was appointed art director for Simons Michelson Zieve Inc. of Troy. He was formerly an art director at Creative House Advertising, Farmington Hills.

Alexandra Davis was promoted to account executive for Simons Michelson Zieve Inc. of Troy. He was formerly an account coordinator.

Jane Riefterer was appointed account executive/public relations supervisor at Simons Michelson Zieve Inc. of Troy.

Jay F. Jollist of Birmingham was promoted to senior vice president at Dean Witter Reynolds Inc. of Southfield.

Fred Spennachio of West Bloomfield was named vice president of sales and marketing at the Irvine Group Inc. of Farmington Hills.

Barbara J. Hiltro was named executive director for Business Center Network Inc. of Farmington Hills.

Mark A. Anderson of Rochester Hills was admitted to the partnership of Price Waterhouse, Detroit.

Peter M. Kelley of Birmingham was promoted to audit manager at Price Waterhouse, Detroit.

Timothy J. McKee of Bloomfield Hills was promoted to senior consultant at Price Waterhouse, Detroit.

David J. Furstenberg of Southfield was promoted to tax consultant at Price Waterhouse, Detroit.

Paul Balas, Robert Howard, Dean Kern, Steven Herke and Thomas Ryan Jr., Troy residents, received promotions at Price Waterhouse of Detroit.

Laurence Gillis, Kumar Rangabashyam, Michael Burwell, Karen Hawley, Scott McKenna and Darrell Sobeski, Farmington Hills residents, received promotions at Price Waterhouse of Detroit.

Tomojl Ataka was appointed director of business development for ITT Automotive's Southeast Asian operations, Bloomfield Hills.

George McGarvah was promoted to account supervisor at Stone, August, Baker Communications Co., Birmingham.

Lawrence R. Kirby of Farmington Hills was named sales manager, southeast U.S. region for Hercules Engines Inc.

Phone system sharing

Continued from Page 1

what type of image the owner would like to project with his or her tenants, such as a high-tech image or leasing through square footage only."

The analysis will determine whether the system would be a profit center or enhance the building to prospective tenants. After a determination is made, Miller and his staff begin setting general specifications, such as the number of telephone and telephone lines necessary.

The next step involves the profit level wanted by the building owner.

"This is actually the tricky part," Miller said. "We do a comparative analysis of surrounding prospective buildings and determine what the price ceiling of the system will be."

The comparative analysis provides a complete picture of what a tenant can expect, in the same building, with the same type of system, vs. what a building owner could provide.

"Many times, with a long-distance carrier carefully chosen, we can provide fantastic service to a tenant and get a large profit potential to the building owner," Miller said. "If the system is chosen, the competitive

threshold can be a 20 percent discount to the tenant and get a nice profit to the owner."

After the analysis is complete and the high price and bottom line cost determined, the profit level is set somewhere between the two.

"The building owner may find, after all is assessed, that the costs may be higher than expected and his profit margin low. If that happens, he must decide whether to treat it as a loss as a marketing expense."

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Round Trip	\$20	\$30	\$40	\$45	\$50	\$62*

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