

# The many types of trusts affect taxes differently

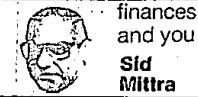
By Sid Mitra  
special writer

Several years ago, I published a column of trust and taxes. It is time to revisit the topic.

The accompanying chart presents our updated version of the old table, incorporating the latest tax law changes. Clearly, estate planning is a highly complex subject and should be handled by a professional.

Seminar: "Retiring? What Are Your Best Financial Choices?" "Avoiding Medicare Tax - Is It Always Desirable?" "Stock Markets - Is It Time To Get In or Out?" and "How Risky Are Safe Investments?"

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9 p.m. Tuesday, July 18, in the office of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 440, Troy. For reservations call 643-8888.



finances  
and you  
Sid  
Mitra

Sid Mitra is a professor of finance, school of business, at Oakland University and owner of Coordinated Financial Planning.

Type of trust	nature of trust	advantages	disadvantages	Included in estate	qualifies for marital deduction	receipt of income	receipt of assets
Bypass (Family) Trust	Property not allocated to marital trust is included here	Bypasses the survivor's taxable estate	Surviving spouse does not have ownership of trust property	Yes, subject to \$600,000 exclusion	No	Personal choice	Personal choice
Marital Trust	Surviving spouse receives all income and the right to designate the beneficiary	All income goes to spouse. Also, this trust, plus the pour-over trust, can eliminate estate tax	Spouse does not receive property outright	No	Yes	Spouse	Spouse's choice
QTIP Trust	This trust controls the distribution of property upon death of second spouse. Surviving spouse receives all income.	Property owner can direct distribution of property after death of surviving spouse.	Surviving spouse has no control over property	No	Yes	Spouse	Personal choice
Life Insurance Trust	Irrevocable inter vivos trust funded by life insurance policy	Proceeds bypass estates of both spouses	Loss of control over policy.	No (except when death occurs in 3 years)	No	Personal choice	Personal choice
Estate Trust	This trust terminates on the death of the surviving spouse at which time assets and accumulated income are paid to probate estate	Appropriate where current income is not desired. Trust is not required to distribute income	Tax rates are steeper	No	Yes	Spouse	Spouse's choice
Charitable Trust*	This trust allows annual payment of fixed income to beneficiaries. Ultimately assets pass to charity			Yes, but donations are deductible	No	Personal/charity*	Charity/Personal†

\* Charitable Remainder Annuity Trust: Donor receives income; ultimately, assets pass to charity.  
Charitable Remainder Unitrust: Donor or beneficiaries receive variable income; rest is similar to annuity trust.  
† Charitable Lead Trust: Income is distributed to charity; ultimately assets pass to donor's beneficiary.

## Troy computer retailer acquires its 100th store

Inacomp Computer Centers Inc. of Troy, one of the nation's largest microcomputer retail chains, has reached a company milestone with the recent acquisition of its 100th business center in Columbia, Md.

Since its inception in 1976 as Computer Mart, a small store-front computer hobbyist shop, Inacomp has grown steadily into a multi-million-dollar corporation. The company has set an industry record by maintaining its profitability throughout its 13-year history and has been consistently recognized as an industry leader.

Most recently, Inacomp was named among the country's top 200 fastest-growing big companies in the March 1989 issue of Business Month magazine.

INACOMP'S RAPID growth began in 1981 with the opening of its first two franchises in the Detroit area. Two years later, the company ventured outside the Michigan mar-

ketplace for the first time, merging with Computer City, an eight-store southern California chain.

Inacomp became a publicly held company in 1984 and also opened the Georgia, Florida, and Illinois regions, bringing the total number of business centers to 40. The next year saw continued growth in the existing regions, with 13 franchises and one company-owned store for a total of 54 centers nationwide.

For the first time, merging with Computer City, an eight-store southern California chain.

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THE COMPANY added 20 stores in 1988, for a total of 74. This year, as Inacomp nears its 13th anniver-



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