

BUSINESS

THURSDAY, JULY 16, 1993

SUBURBAN BUSINESS LEADERS

Patrick Morin has been appointed chairman and chief executive officer of Cleveland-based Griswold, Inc., a Ross Roy Group company. Morin has been president of Ross Roy Advertising in Bloomfield Hills in January 1991.



Morin

Annette M. De Lorenzo has succeeded her father, A.G. De Lorenzo, as President of the public relations firm A.G. De Lorenzo Associates, Inc. in Bloomfield Hills. Miss De Lorenzo has been a corporate public relations practitioner for 20 years both in Chicago and New York.



De Lorenzo

Donald H. Clayton, president and managing director of Southfield-based Schmalz & Co., has been appointed chairman of the 1993-94 Quality Review Executive Committee of the Michigan Association of Certified Public Accountants.



Clayton

Daniel S. Hollander has joined Southfield-based insurance and financial services firm of Allmerica Financial. His areas of concentration will be estate planning and corporate benefit programs.



Hollander

To submit materials to this column, please send a brief biographical summary along with a black-and-white photo, if possible, to: Business Editor, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia 48150. There is no charge.

A hot tip for horse race fans

Besides a hot cup of coffee and good conversation, The Tout store in Livonia offers some insight and horse sense on the goings on at local and national horse racing venues.

BY DOUG FUNKE
STAFF WRITER



Not every business aspires to millions of dollars in sales and large growth spikes. Mike and Phyllis Corbett, owners of The Tout, a thoroughbred racing information center near Ladbroke DRC in Livonia, are a contrast to the big and booming. They're a mom-and-pop operation that's on pace this year to ring gross sales of \$100,000, Mike said. Their basic product is information including the Racing Form, track programs, tip sheets, books and videos.

But there's more. The couple sells art work, souvenir plates and mugs, racing trading cards, post cards, T-shirts, caps and stopwatches.

The Corbetts tapped into their savings for about \$15,000 to set up shop in a 600-square-foot storefront in March of 1992.

Low overhead — they're the only "staff" — contributes to financial success.

Coffee shop atmosphere

"A true handicapper can never get enough information," Mike said. "A true handicapper never has enough time. People spend a lifetime trying to understand this."

"It's a micro-market," he said. "On average, one million people go to the track across the street. My goal is to get every one of those people here, but I'd be satisfied with 5 percent. Those are serious handicappers."



ART EMANUELE/STAFF PHOTOGRAPHER

Racing touts: Mike and Phyllis Corbett's The Tout store in Livonia should be a busy place this weekend prior to the running of the Michigan Mile at Ladbroke DRC Saturday.

Customers may dash in and out if they know exactly what they want. Or they can browse, sit in a few chairs set up around tables, sip coffee and share gossip.

"I'm just here to have fun," Phyllis said. "We get lawyers, accountants, CPAs, business owners, stockbrokers, truck drivers, factory workers. There's no pressure. They can do or buy anything they want."

Business picks up a couple hours before post time. A typical customer will spend \$10 for the Racing Form,

DRC program and a couple of tip sheets, Mike said.

Informational sales increase for special events like the Michigan Mile (which will be run Saturday at DRC) or Kentucky Derby when the crowds increase at the track. December is the best month for gift sales.

Saverio Bagozzi from Redford and "Linda" from Southfield are regulars at The Tout.

"This is one in a million," he said. "She has almost everything you can think of in here. Information is here,

more than you can get at the track."

"It's more or less like a coffee shop," Linda said. "It's a chance to stop and hear other people's opinion. I like everything that's available."

For the love of horses

Two unrelated circumstances prompted Mike to open The Tout.

He had difficulty obtaining specialty books and memorabilia relating to horse racing and handicapping. The

See HORSE, PREVIOUS PAGE

You cannot take it with you so check out gifting strategies

BY DANIEL BOYCE
and ALAN FERRARA
SPECIAL WRITERS

Local financial planning experts reviewed the data of the people profiled here and made general recommendations based on the participant's resources and goals. The information is intended to be educational; references are not intended as discrimination or endorsements by the Observer & Eccentric Newspapers or the advisors.

"All that we truly own is what we have given away."

This month's financial profile centers around a couple who are reviewing lifetime gifting strategies to family members.

Jack and Marie Simon, both in their mid 70s, have a established a significant estate. Last year Jack sold his successful small business for about \$2.5 million. With other assets of \$700,000 and no debt, their estate totals about \$3.2 million.

They realize that there is no possibility that they will need this much during their lifetime. They have three children in their mid-to-late 40s and seven grandchildren. They would like to see their family enjoy some of their inheritance before they pass away.

Also, they are in the 50 percent estate tax bracket (estate tax rates would be payable by them only upon the second death). Thus, Uncle Sam takes \$50 for each \$100 increase in their estate. A gifting program will help them limit any increases in their taxable estate and allow them to pass more to their heirs.

One of the most basic and important gift tax strategies is to make gifts that take advantage of the "annual exclusion" amount. Gift tax rules permit any donor to give up to \$10,000 (in cash, property or combination of the two) to as many people it wants.

If Jack gave each of the three children \$10,000 in cash and then gave them Christmas and birthday presents worth \$1,000 each, each child would have received

THE BOTTOM LINE

ANNUAL GIFTING BENEFITS

- No gift tax if gift is less than \$10,000.
- Removes assets from one's taxable estate.
- Future income and appreciation is kept out of donor's estate.
- The chance to witness the enjoyment of the gift.

ANNUAL GIFTING DRAWBACKS

- Loss of control of asset.
- Gifted assets are unavailable to maintain donor's standard of living if needed later.
- Recipient may make poor use of gift (or in extreme cases may lose motivation to be productive).



gifts in excess of the \$10,000 limit. As a result, Jack has made a taxable gift of \$1,000 each.

Estate planners recommend donors make regular cash gifts of \$9,000 to \$9,500. That way donors can continue to make regular special occasion gifts without worrying about tax implications.

Another rule: The recipient of the gift does not have to be related in any way to the donor. So if the Simons had 300 close friends, they could give each of them \$10,000 tax free.

Also, Jack and Marie could join together to give gifts totalling \$200,000 a year to each of the three children and/or seven grandchildren. And if they could persuade them to invest rather than spend the gifts, they could get eight percent return and after 10 years the donor will have transferred wealth worth almost \$2.9 million without any negative estate or gift tax hassles.

The \$10,000 exclusion is a good deal for the Simons, but they have to be consistent. If they miss a year, they won't be able to make it up in the future. Use it or lose it.

If the gift exceeds the limits or does not qualify for either of the foregoing exclusions, then you have made a taxable gift. Taxable gifts, in effect, use up some or all of a \$600,000 per person exemption applicable to gift/estate taxes.

If taxable gifts over one's lifetime exceed the annual exclusions plus \$600,000, then the donor must file a gift tax return and write a check to the IRS for the taxes. It may be best to use the entire \$600,000 exclusion as early as possible by making a gift of appreciating property. This removes any future appreciation from the estate of the donor.

Not everyone should make annual gifts; for many people there are compelling reasons not to. Potential donors who need everything they have to maintain their lifestyles (which includes most of us) are not very good potential candidates.

Neither are those who will not have a taxable estate. However, those like the Simons with excess assets and a taxable estate are prime candidates to consider implementing a disciplined, systematic give giving program.

Dan Boyce, a certified financial planner at the Center for Financial Planning in Southfield, has been recognized by Money magazine as one of the top financial planners in the nation. Alan Ferrara is a partner in the Farmington Hills law firm of Couzens, Lansky, Feath, Ellis, Roeder & Laxer. Both have served in leadership roles in financial planning professional organizations.

To receive a free financial planning brochure or to obtain a questionnaire to participate in this column, contact the Center for Financial Planning, Dept. 20211 Central Park Blvd., Suite 204, Southfield 48076 or call 948-7900. Names of participants are withheld upon request, and submitted financial data is confidential.



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