

OAKLAND BUSINESS & Finance

Excise tax as estate tax: understand the implications

Second of two parts.

MORE THAN MONEY



SID MITRA Ph.D.

The excise tax on excess retirement accumulations is an additional estate tax due when the deceased's estate tax return is filed...

If your objectives include maximizing the ultimate dollar amount going to your children or spouse beneficiary, you should consider the income tax, estate tax and excess accumulation penalty tax before continuing to excessively fund qualified retirement accounts.

Not every individual will be affected by the triple combination of an estate tax, federal income tax and 15-percent excise penalty tax...

will be received by their non-spouse beneficiaries could be quite a surprise.

There are at least two possible solutions that may help to alleviate this problem. One involves taking retirement distributions earlier than originally planned...

A second possible solution for those who are, or have the potential of being, exposed to the 15-

percent excise penalty tax could be to evaluate the individual's exposure to various forms of federal taxes, develop a plan to continue funding his or her qualified program...

In a planned and deliberate manner, this approach may result in a larger dollar amount ending up in the children's names. The

basic characteristics of life insurance, whether held in a life insurance trust or not, provide an attractive alternative to individuals with highly funded retirement accounts.

For those nearing age 70 1/2 who already have the problem of an overfunded pension account, the purchase of life insurance in an irrevocable trust to be used to pay estate and excise taxes may be a possible solution...

Proper retirement and estate planning is not an "either/or" proposition with regard to funding either qualified plans or non-qualified life insurance.

client's retirement funds into traditional qualified programs and non-qualified insurance can help you achieve your estate preservation goals.

The topic discussed in this column is highly complex. You will be well advised to seek the assistance of a professional in handling your personal situation.

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BUSINESS MILESTONES

This column highlights promotions, transfers, hirings, openings and other key business news with Farmington-area connections.

Farmington Observer, 33411 Grand River, Farmington 48335. The Observer's fax number is (810) 477-9722.

William Ponkowlak, Jr. of Glendale Auto Supply in Farmington will sit on the Michigan Automotive Parts Association (MAPA) executive committee for 1996...

Schaotak Brothers & Co., Inc. has added Harry L. Cohn of Farmington Hills to its Brokerage Department. Cohn will specialize in the retail area of the department.

Cohn, who earned a Business Communication's degree from the University of Arizona, formerly owned CP Property Management, a property management and apartment rental company in Chicago.

Inalfa Hollandia, Inc., of Farmington Hills has named Frank Magnone of Sterling Heights warehouse manager. The announcement was made by Joseph R. Corace, IHI's president and chief executive officer.

Magnone worked at F.X. Coughlin and General Dynamics Land Systems, Inc. IHI is a leading supplier of OEM electric-sliding sunroofs to the worldwide automotive industry.

Vernice Davis Anthony of Farmington Hills will receive a Distinguished Alumnae Award from the Wayne State University Alumni Association. Anthony is senior vice president for urban and community health with St. John Health System and recently was appointed member of WSU's Board of Governors.

The Kroger Co. announced that it has promoted David Babinsky of Farmington Hills to vice president of merchandising.

Babinsky will oversee all marketing and merchandising aspects for Kroger's 81 stores in Michigan, including store design, display, signage and customer service.



Ribbon-cutting: Credit Union ONE chairman Richard Bahis, (left) Armando Cavazos, president, Jan Osofski, regional manager, Tom Schaeffer, vice president of operations and Andrew Daily, branch manager.

FARMINGTON PUBLIC SCHOOLS INVITATION TO BID. Farmington Public Schools will accept sealed bids for cable infrastructure until 1:30 P.M., Tuesday, January 9, 1996...

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NEW YEAR'S EVE 1995 at EXCALIBUR. Tickets Required: 75\$ per person. Party Menu: Hors d'Oeuvres, Endive and Spinach Salad with Walnut Dressing, Entree: 2 lbs. Live Maine Lobster, 24 oz. New York Sirloin "Buter", Brown Butter Sauce, Grilled Norwegian Salmon, Pink Peppercorn Sauce, Herb Crusted Prime Rack of Lamb, Amish Chicken Breast, Scalloping Morel, Pastry Miniatures and Sweets.

ADVERTISEMENT SAN MARINO GOLF COURSE, WEIR REPAIR AT THIRD TEE CITY OF FARMINGTON HILLS OAKLAND COUNTY, MICHIGAN. Sealed bids will be received until 10:00 a.m., local time, on Friday, January 6, 1996, at the City Clerk's Office of the City of Farmington Hills, 31655 Eleven Mile Road, Farmington Hills, Michigan...

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