

BUSINESS & FINANCE

EDITOR MARGARET O'BRIEN • 901-2568

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SID MITTRA, PH.D.

Use deferrals, deductions to save on taxes

Editor's note: This is the first article in a five-part series on tax planning. Next week's column will discuss taxation of life insurance.

In this column, I will present a number of tax saving strategies for the 1996 tax year.

Income deferral

The deferral of income from 1996 to 1997 will defer payment of income tax until April, 1998. Deferral of income may be accomplished by:

- the timely negotiation of bonus or salary payment into the subsequent calendar year
- reporting income on the cash basis, accelerating the payment of business expenses, or delaying the mailing of bills or invoices, thus forestalling the collection of income.
- investment in Treasury bills, short-term certificates of deposit or similar investments where income will not be recognized until 1996.
- delaying retirement benefit payouts (in some cases including lump-sum distributions) until 1997 or later.
- investment in U.S. Government Series EE savings bonds, since interest may be subject to federal tax when the bond matures or is redeemed. Additionally, there is no state income tax on interest from these bonds.
- deferring the exercise of stock options that result in the recognition of income as well as the sale of ordinary or capital gain assets.

Income acceleration

Conversely, you may want to accelerate income into 1996. This may be accomplished by:

- accelerating bonus payments.
- accelerating (for cash basis taxpayers) mailing invoices and delaying the payment of business expenses.
- investing in obligations which bear interest daily.
- redeeming U.S. Government savings bonds.
- taking IRA or qualified plan distributions if over age 59 1/2.
- selling appreciated securities.
- taking the cash options rather than deferring a contribution to a 401(k) plan.

Itemized deductions

The optimal year in which to reflect an itemized deduction is the year in which you reap the maximum tax benefit from that deduction. The payment in 1996 or deferral of payment to 1997 of certain deductions can minimize the overall tax liability. It should be noted, however, that is the Alternative Minimum Tax applies in 1996, accelerating the payment of itemized deductions may result in little or no tax benefit.

Bunching deductions for 1996 should be considered if total itemized deductions are at or above the standard deduction amount. Acceleration of itemized deductions with adjusted gross income in excess of \$111,800 may not reduce the tax liability.

Charitable contributions

If you are planning additional charitable contributions, you should consider accelerating or deferring those payments. Prepayments of 2, 3, or more years of contributions to any charity could provide tax savings. You should be aware that there are general limitations - 50 percent, 30 percent, or 20 percent of adjusted gross income - which restrict the deduction for contributions based upon adjusted gross income and the type of organization.

Appreciated property

In lieu of cash, you should consider contributing property that has appreciated in value and would have resulted in capital gain if sold. A deduction claimed for the full fair market value, and, in most

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Sid Mittra, Ph.D., CFP, is professor emeritus of finance, Oakland University, Rochester, and owner, Mittra & Associates, a Troy financial consulting firm. You can e-mail questions or comments to Sid Mittra at smittra@oakline.com.

OU preparing for high-tech workplaces



Oakland University in Rochester Hills is infusing \$2 million into technology to help provide students with better access to and understanding of the workplace technology they will use after graduating.

Oakland University in Rochester Hills is pioneering intelligent use of educational technology and infusing more than \$2 million into a variety of state-of-the-art initiatives to better prepare students for a rapidly changing workplace. OU President Gary D. Russi is

committed to technological growth. "Educational technology is part of Oakland's vision to further our commitment to our constituencies through excellence in teaching, learning, research and service," Russi said. "Each university has its own con-

tributions to make and we're making ours."

OU is leading the state, and in some instances, the nation, in the use of several major technological advances.

• OU's Oak Archive (oak.oakland.edu) continues to be one of the most popular Internet sites in the world. It offers more than 30,000 software packages that can be downloaded free of charge. More than 300,000 users access the computer host daily.

• OU serves as the hub of the Macomb-Oakland Area Network, which brings the power of computers, through the Internet, to classrooms in 49 public school districts and several community colleges.

• Oakland is one of the heaviest users of the Michigan Merit Network (MichNET) in the state, the primary network provider for educational institutions. The system links students, faculty and staff to 22 other MichNET member universi-

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Think Twice

Southfield foundation works to rebuild Detroit



Thinking cap on: Denise Pike, executive director of the Southfield-based Think Twice Foundation, working to improve Detroit house by house.

BY BARD PERT TEMPLETON
SPECIAL WRITER

When Denise Pike graduated from Oakland University with a degree in communications, she initially thought - Hollywood here I come.

"I thought I'd be the next Barbara Walters," smiled Pike, whose visions for a career path certainly didn't include rebuilding Detroit one house at a time.

Yet that's exactly what Pike is doing. She was recently named the executive director of the Think Twice Foundation. The Southfield-based, non-profit organization works to create housing opportunities for residents in the city of Detroit.

The foundation has a 31-member board of directors that meets quarterly and an executive board that holds meetings once a month. Think Twice was founded in 1980 by Jim Bellinson who remains with the foundation as the current chairman of the board. The organization was born out of Bellinson's desire to find a volunteer post he could put his energy into.

The anxious Bellinson was holding a casual meeting with some friends when he heard the Phil Collins song "Another Day in Paradise" about a homeless woman. The repeated phrase in the chorus, "think twice" gave way to the

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Seminars offered for small business

ENTREPRENEURS

UPCOMING SEMINARS

Nov. 19 - Marketing
Nov. 21 - Marketing II
Request - Financing, Financial Statements, Systems, Computer Training

person, includes the Small Business Guide to Effective Marketing Communications workbook.

• Marketing (Session Two) - Implementing the Plan - Nov. 21: Application of the techniques taught in Session One. Walk through the development of basic public relations, advertising, pricing, and other practical tools to implement marketing strategies. Individual business needs addressed.

Fee: \$95 per person, includes the Small Business Guide to Effective Marketing Communications workbook. \$50 for both sessions.

• Financing Your Business - On Request: Financing turns a business idea into reality. This workshop helps entrepreneurs identify and access sources of funding. Fee: \$35 per person.

• Financial Statements, a Layman's Guide - On Request: Understand the language of bankers and accountants, their requests and requirements, as well as how ratios effect the bottom line. Fee: \$35 per person.

• Computer System Shuffle - On Request: Upgrading, expanding, network problems, mobile computing, the virtual office... bring all computer or computer system questions to this workshop and have them answered.

Designed to address each partic-

ODD JOBS



STAFF PHOTO BY LAWRENCE R. MCKEE
Law man: Officer Matt Baldwin and Moondancer.

Mounted police brings B'ham a touch of ol' West

BY BARD PERT TEMPLETON
SPECIAL WRITER

It's not the wild west and quite frankly Officer Matt Baldwin isn't into lasso anyone. Not even the bad guys.

In fact, when Baldwin, 30, takes to the streets of downtown Birmingham atop a horse, he's simply doing his job.

Baldwin has spent five of his eight years in uniform riding high in the saddle for the Birmingham Police Department's mounted division. Currently, he's the only active member of the mounties.

"We had one other officer that was all trained but he developed an allergy to horses," said Baldwin. A longtime fan of the four-legged creatures, Baldwin used to participate in field trials where his horse had to keep up with bird hunting dogs.

"That was a lot different riding style though because we used western saddles and it was all padded

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BUSINESS MILESTONES

tions, advertising and business development.



Markiewicz

Dennis Markiewicz of Sterling Heights was appointed vice president of administrative services and chief information officer at Crittenton Hospital in Rochester Hills. He has 20 years of health care experience.

David Bermingham of Southfield was appointed vice president of institutional sales at Southfield-based MedMax, Inc. He will manage all relation-



Bermingham

The National Association of Chain Drug Stores donated \$5,000 to Wayne State University's College of Pharmacy in Detroit in honor of John Enokian of Bloomfield Township, senior vice president health services for Troy-based Arbor Drugs. Enokian handles Arbor's contract negotiations with insurance carriers, represents the company in government affairs and acts as a liaison with colleges of pharmacy and pharmacy associations.

Gerard McGuire of Huntington Woods joined Grosse Pointe

Forms-based John R. Axe and Associates. McGuire's arrival increases the firm's size to four attorneys, all of whom specialize in municipal bond law.

Colleen Srock of Bloomfield Village joined Bloomfield Hills-based The

Berline Group, Inc. as a media assistant. Srock will be responsible for assisting senior media buyers with all aspects of media planning and placement for all print, radio and television buys.

Gregg Corolla of Birmingham joined Troy-based Idetix, Inc. as director of sales and marketing. Idetix is an interactive media solution provider.

More MILESTONES, D2

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, c/o Business Editor, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.



Cohen

Leonard Cohen of West Bloomfield was named vice president-human resources for Troy-based Arbor Drugs, Inc. Cohen will oversee employment practices, benefits, training and other



Smith

Michael Smith of Grosse Pointe was named vice president of marketing communications at Troy-based AFFINIA Corp. Smith is responsible for overall communications strategy, including public rela-



Ducheneau

Podiatrist Stacey Ducheneau of Dearborn has joined the staff of Botsford General Hospital, Farmington Hills. She's a graduate of the College of Osteopathic Medicine and Health Sciences in Des Moines, Iowa, and completed a residency at Oakwood Downriver Hospital in Lincoln Park. She's a member of the American Podiatric Medical Association.