

# Grandparents: Consider These Financial Moves

Each year, on the first Sunday after Labor Day, we observe National Grandparents Day. Although it's not as widely recognized as Mother's Day or Father's Day, if you're a grandparent, you probably want to do whatever you can to help your grandchildren on their journeys through life. So, you might want to consider the following moves:

- **Contribute to their education.** If you want to help your grandchildren pay for college, you have a variety of options, including 529 plans. You could also simply set aside some money in an investment account earmarked for education. But you don't just have to stick to helping out financially – you might also want to do some research to see what scholarships are available.

- **Consider a UGMA/UTMA account.** The Uniform Gifts to Minors Act (UGMA) and Uniform Transfer to Minors Act (UTMA) are custodial accounts that provide a relatively easy way for you to give money to your young grandchildren. A financial advisor can help determine if such a plan is right for you. However, once you put money into the UGMA or UTMA, you no longer have any legal access or authority over the funds unless you are the custodian managing the account.

After children reach the age of majority – typically 18 or 21 – or the age of termination if the state where they live allows for the assets to be held until a later age, they will control the assets, and they may not want to use the money as you had envisioned, such as for college. (Also, tax issues for custodial accounts can be complicated, so, before opening an UGMA or UTMA, you'll want to consult with your tax advisor.)

- **Consider gifts to older grandchildren.** If you have older grandchildren, you might want to help them out if they're saving for a down payment on a home, or are between jobs, or perhaps are even having children of their own. You can give \$15,000 per year, per individual, without

having to file a gift tax return. Your spouse can also give \$15,000 per year to the same individual, again without triggering the need for a gift tax return.

- **Review your will.** If you've already created your last will and testament, you may want to review it upon the arrival of grandchildren. You can include specific instructions, such as requiring your grandchildren to turn a specific age before they can receive their inheritance. You could also codify the same requirements through the use of a living trust. Contact your legal advisor to determine if such a trust is appropriate for your situation.

- **Update beneficiary designations.** If you want your grandchildren to receive proceeds from various accounts, such as your 401(k), IRA and life insurance, you may need to update the beneficiary designations, which can even supersede the instructions on your will. Keep in mind that if you have grandchildren with special needs, you may want to designate a supplemental needs trust for your grandchild as the beneficiary instead of naming your grandchild directly. Again, contact your legal advisor for more information.

These aren't the only steps you can take to help your grandchildren, but they should give you some options to consider. The world is an expensive place, and any assistance you can provide to your beloved grandkids can make a big difference in their lives.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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