

Thoughts on Education Planning

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A major concern of modern life is providing for children and paying for their education. Transferring assets to children presents a unique set of problems, not only from a tax perspective, but also from a practical perspective because children often lack the experience and maturity needed to handle significant amounts of money. Fortunately, there are many options available to those wishing to provide for younger generations. The Uniform Transfers to Minors Act (UTMA) and so-called “529 Plans” are examples of legislative programs enacted to ease the burden of paying for education. Certain types of trusts, such as “Crummey” trusts, are also available for a broader range of uses. Additionally, more sophisticated tools, such as grantor retained annuity trusts (GRAT’s) and charitable remainder trusts (CRT’s), can, under the right circumstances, provide significant tax advantages. Each of these techniques presents its own advantages and disadvantages for you to discuss with a professional.