

LOTT & PARTNERS

A PRIVATE WEALTH PRACTICE OF

RAYMOND JAMES

April 12, 2024

39400 Woodward Ave., Ste. 150
Bloomfield Hills, MI 48304

www.lottandpartners.com

CONGRATULATIONS!

Ryan & Katie Paschen

on the birth of
your son.....

Oliver John
9lbs 6oz 22 inches
April 10, 2024





529s are more than a college savings tool

These versatile savings accounts are a powerful estate planning vehicle

Most of us associate 529 accounts with college savings. They're flexible, allowing you to transfer assets to anyone, including yourself, for the express purpose of furthering the education of your beneficiary. But did you know that a 529 can be a powerful estate planning tool?

MODERN ESTATE PLANNING

These specialized savings accounts have advantages for the beneficiaries – but there are benefits for the donors, too, given the tax advantages and the option to change heirs. The tax rules that govern these accounts allow you to pare down your taxable estate, potentially minimizing future federal gift and estate taxes. With 529s, you can make a lump-sum contribution of up to five times the annual limit of \$18,000. That means you can gift \$90,000 per recipient (\$180,000 for married couples), as long as you denote your five-year gift on your federal tax return and do not make any more gifts to the same recipient during that five-year period. However, you can elect to give another lump sum after those five years are up. In the meantime, your investments have the luxury of time to compound and potentially grow.

OTHER BENEFITS

Many people worry that gifting large chunks of money to a 529 means they'll irrevocably give up control of those assets. However, 529s allow you quite a bit of control, especially if you title the account in your name. You can change the beneficiary to another member of the family as many times as you like, since most 529s have no time limits.

If your chosen beneficiary receives a scholarship or financial aid, they may not need the money you've stashed away in a 529. You can earmark the money for other types of education, like graduate school. Or you can take the money and pay the taxes on any gains. Of course, that means it becomes part of your taxable estate again subject to your nominal federal tax rate, and you'll have to pay an additional 10% penalty on the earnings portion of the withdrawal. You can always use the funds to pay for other qualified education expenses, like room and board, books and supplies.

Many plans offer you several investment choices, including diversified portfolios allocated among stocks, bonds, mutual funds, CDs and money market instruments, as well as age-based portfolios that are more growth-oriented for younger beneficiaries and less aggressive for those nearing college age.

Saving for college takes discipline, as does estate planning. Talk to your professional advisor about the nuances of different investment strategies and vehicles before making a years-long commitment.

NEXT STEPS

If you're considering opening a 529:

- Speak to your advisor about how you can maximize the benefits of this specialized savings account.
- Discuss your intentions of the account with your family from an estate planning perspective.

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

This material is being provided for information purposes only and is not a complete description, nor is it a recommendation. Prior to making an investment decision, please consult with your financial advisor about your individual situation.

Investors should consider, before investing, whether the investor's or the designated beneficiary's home state offers any tax or other benefits that are only available for investment in such state's 529 savings plan. Such benefits include financial aid, scholarship funds, and protection from creditors.

As with other investments, there are generally fees and expenses associated with participation in a 529 plan. There is also a risk that these plans may lose money or not perform well enough to cover education costs as anticipated. Most states offer their own 529 programs, which may provide advantages and benefits exclusively for their residents. The tax implications can vary significantly from state to state.

Favorable state tax treatment for investing in Section 529 college savings plans may be limited to investments made in plans offered by your home state. Investors should consult a tax advisor about any state tax consequences of an investment in a 529 plan.

Upcoming Events!

by Tony Lott, Ryan Paschen, and Veronica Pies

Quarterly Market Webinars:

Wednesday, April 24, 2024 @ 5:00pm

Thursday, June 13, 2024 @ 1:00pm



**Register on our website at
www.lottandpartners.com**

- "Upcoming Events"

Did you know?

by Veronica L. Pies

Reviewing your statement online regularly is a good habit.

If you have chosen to receive your statements online, it is recommended to review your account information online on a regular basis - at least once a quarter, if not more.

Take a moment today and visit Client Access now!
It's an easy, secure way to see where you stand.

Need an appointment?

You can schedule your Portfolio Review, Financial Planning meeting, or even an Administrative meeting with us at anytime just by using our Website below:

www.lottandpartners.com