Fall 2019

GROW TRUST partners

Our name says it all.

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## Inside this issue:




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# 529s and Estate Planning: What's the Connection?

Assets in 529 plans have grown significantly in recent years due to their college planning potential. But there's another side to 529 plans that may appeal to you -- potential estate planning benefits.[1]

**First, a Few Basics**

To understand how a 529 college savings plan may complement an estate plan, it's important to start with a basic review of how a 529 plan works.

A 529 plan is a college investment program sponsored by a state government and administered by one or more investment companies. The underlying investment options typically are mutual fund portfolios -- "age-based" asset allocations that become more conservative as the beneficiary gets closer to attending college or static portfolios with predetermined allocations that remain consistent over time.

Note that the principal value of an "age-based," or "target date" fund, cannot be guaranteed at any time, including the target date, and may decline at any time. The target date in the fund is the approximate date when an investor plans to start withdrawing money.

Withdrawals are federally tax free (and state tax free in many cases) as long as they are used to finance qualified college expenses. Nonqualified withdrawals are subject to ordinary income taxes and a 10% additional federal tax. Eligibility to contribute to a 529 plan is generally not restricted by age or income.

**The Estate Planning Angle**

For tax purposes, a contribution to a 529 plan is considered a completed gift from the contributor to the beneficiary named on the account. A contributor, therefore, can potentially reduce the size of his or her taxable estate using a 529 plan.

You may contribute up to $14,000 per beneficiary annually -- $28,000 per beneficiary if you contribute jointly with a spouse -- without triggering the federal gift tax.

So, if you have three grandchildren, for example, and you maintain a 529 plan account for each one, you could remove $42,000 a year from your taxable estate, or $84,000 if you make the contributions jointly with a spouse.

If you want to reduce the size of your taxable estate more quickly, the IRS permits you to make five years' worth of gifts in a single year as long as you do not provide additional gifts to the beneficiaries for the remainder of the five-year period.

In other words, you can accelerate your contributions and gift $70,000 per beneficiary as an individual or $140,000 per beneficiary if done jointly with a spouse. Keep in mind, however, that if you use this strategy, a prorated portion of the contribution may be considered part of your estate if you do not outlive the five-year period.

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Regardless of whether you contribute annually or on an accelerated basis, a 529 plan may provide considerable flexibility as part of your estate plan. For example, even though the money in the account is considered a gift to the beneficiary, you maintain control over how it is invested. If the beneficiary does not attend college, you can generally name a new beneficiary who is a relative of the original beneficiary, such as a sibling or cousin.

If you're grappling with estate planning and college financing decisions that impact a growing family, you may benefit by familiarizing yourself with how a 529 plan could play a role in both of these key areas.


**Source/Disclaimer:**

[1]Investing in 529 plan involves risk, including loss of principal. Before you invest in a 529 plan, request the plan's official statement and read it carefully. The official statement contains more complete information, including investment objectives, charges, expenses, and the risks of investing in a 529 plan, which you should carefully consider before investing. You should also consider whether your home state or your beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 plan. Section 529 plans are not guaranteed by any state or federal agency. By investing in a 529 plan outside of the state in which you pay taxes, you may lose the tax benefits offered by that state's plan. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary.

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# Growtrust Happenings

**LPL Focus 2019**

LPL Focus is LPL's annual education, growth, and networking event for advisors and their staff. The event was held in San Diego, CA on August 17th-21st. We had three people from our office that attended: Lisa May, Chris Engle, and Jim Yost. They attended educational sessions as well as hands-on workshops. The venue was a great place for financial professionals to share ideas and insights about some of the industries top opportunities and challenges.

**Please join us in welcoming our new client services associate, Destinee Thiele!**


Destinee joined Growtrust Partners in August 2019. She is currently studying to complete her Associate's in Business Administration. Destinee comes to us with a background in banking and an aptitude for service. She volunteers at her church as a high school youth leader and has served a year with AmeriCorps. She is an outdoor enthusiast and has gone on hiking trips to Glacier National Park and Yellowstone.

Be sure to say hello to Destinee at your next appointment!

# Valuable Verbiage

***Leverage Ratio*** is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet its financial obligations. The leverage ratio is important given that companies rely on a mixture of equity and debt to finance their operations, and knowing the amount of debt held by a company is useful in evaluating whether it can pay its debts off as they come due.


## Social Security Tip

In the digital age, frauds and scams are an unfortunate part of doing business online. Social Security has seen a spike in phishing scams, and we want to protect you as best we can. Please take note; there's a Social Security impersonation scam going around right now. You might receive a call from someone claiming to be from Social Security—it is critical that you pay attention to the tone and content of the message from the caller. In some cases, the caller states that Social Security does not have all of your personal information, such as your Social Security number (SSN), on file. Other callers claim Social Security needs additional information so the agency can increase your benefit payment, or they threaten that Social Security will terminate your benefits if they do not confirm your information. This appears to be a widespread issue, as reports have come from people across the country. These calls are not from Social Security. If you receive a call from someone claiming to be from Social Security, we urge you to always be cautious and to avoid providing sensitive information such as your SSN or bank account information. Never reveal personal data to a stranger who calls you, and never send the stranger money via wire transfer or gift cards. Social Security employees occasionally contact people by telephone for customer-service purposes, usually when they have business pending with us. In some cases, also usually known by a person, a Social Security employee may request the person confirm personal information over the phone. However, Social Security employees will never threaten you for information; they will not state that you face potential arrest or other legal action if you fail to provide information or pay a fee. In those cases, the call is fraudulent, and you should just hang up. If you receive these calls, please report the information to the Office of the Inspector General at 1-800-269-0271 or online at oig.ssa.gov/report.

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## Growtrust Partners Newsletter –Fall 2019

***Our name says it all.***

**Securities offered through LPL Financial, Member FINRA/SIPC.**

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### *Pumpkin Chocolate Chip Cookies*

Ingredients:


- 1 cup canned pumpkin
- 1 cup white sugar
- 1/2 cup vegetable oil
- 1 egg
- 2 cups all-purpose flour
- 2 teaspoons baking powder
- 2 teaspoons ground cinnamon
- 1/2 teaspoon salt
- 1 teaspoon baking soda
- 1 teaspoon milk
- 1 tablespoon vanilla extract
- 2 cups semisweet chocolate chips
- 1/2 cup chopped walnuts (optional)

Directions:

- Combine pumpkin, sugar, vegetable oil, and egg. In a separate bowl, stir together flour, baking powder, ground cinnamon, and salt. Dissolve the baking soda with the milk and stir in. Add flour mixture to pumpkin mixture and mix well.
- Add vanilla, chocolate chips and nuts.
- Drop by spoonful on greased cookie sheet and bake at 350 degrees F (175 degrees C) for approximately 10 minutes or until lightly brown and firm.