



# Regent Financial Services

## February 2017

### Grandparents Can Help Bridge the College Cost Gap

For many families, a college education is a significant financial burden that is increasingly hard to meet with savings, current income, and a manageable amount of loans. For some, the ace in the hole might be grandparents, whose added funds can help bridge the gap. If you're a grandparent who would like to help fund your grandchild's college education, here are some strategies.

#### 529 college savings plan

A 529 college savings plan is one of the best vehicles for multigenerational college funding. 529 plans are offered by states and managed by financial institutions. Grandparents can open a 529 account on their own — either with their own state's plan or another state's plan — and name their grandchild as beneficiary (one grandchild per account), or they can contribute to an existing 529 account that has already been established for that grandchild (for example, by a parent).

Once a 529 account is open, grandparents can contribute as much or as little as they want, subject to the individual plan's lifetime limits, which are typically \$300,000 and up. Grandparents can set up automatic monthly contributions or they can gift a larger lump sum — a scenario where 529 plans really shine.

Contributions to a 529 plan accumulate tax deferred (which means no taxes are due on any earnings made along the way), and earnings are completely tax-free at the federal level (and typically at the state level) if account funds are used to pay the beneficiary's qualified education expenses. (However, the earnings portion of any withdrawal used for a non-education purpose is subject to income tax and a 10% penalty.)

Under rules unique to 529 plans, individuals can make a lump-sum gift of up to \$70,000 (\$140,000 for joint gifts by a married couple) and avoid federal gift tax by making a special election on their tax return to treat the gift as if it were made in equal installments over a five-year period. After five years, another lump-sum gift can be made using the same technique. This strategy offers two advantages: The money is considered removed from the grandparents' estate (unless a grandparent were to die during the five-year period, in which case a portion of the gift would be recaptured), but grandparents still retain control over their contribution and can withdraw part or all of it for an unexpected financial need (the earnings portion of such a withdrawal would be subject to income tax and a 10% penalty, though).

What happens at college time if a grandchild gets a scholarship? Grandparents can

seamlessly change the beneficiary of the 529 account to another grandchild, or they can make a penalty-free withdrawal from the account up to the amount of the scholarship (though they would still owe income tax on the earnings portion of this withdrawal). Finally, a word about financial aid. Under current federal financial aid rules, a grandparent-owned 529 account is not counted as a parent or student asset, but withdrawals from a grandparent-owned 529 account are counted as student income in the following academic year, which can decrease the grandchild's eligibility for financial aid in that year by up to 50%. By contrast, parent-owned 529 accounts are counted as parent assets up front, but withdrawals are not counted as student income — a more favorable treatment.

#### Outright cash gifts

Another option for grandparents is to make an outright gift of cash or securities to their grandchild or his or her parent. To help reduce any potential gift tax implications, grandparents should keep their gift under the annual federal gift tax exclusion amount — \$14,000 for individual gifts or \$28,000 for joint gifts. Otherwise, a larger gift may be subject to federal gift tax and, for a gift made to a grandchild, federal generation-skipping transfer tax, which is a tax on gifts made to a person who is more than one generation below you. An outright cash gift to a grandchild or a grandchild's parent will be considered an asset for financial aid purposes. Under the federal aid formula, students must contribute 20% of their assets each year toward college costs, and parents must contribute 5.6% of their assets.

#### Pay tuition directly to the college

For grandparents who are considering making an outright cash gift, another option is to bypass grandchildren and pay the college directly. Under federal law, tuition payments made directly to a college aren't considered taxable gifts, no matter how large the payment. This rule is beneficial considering that tuition at many private colleges is now over \$40,000 per year. Only tuition qualifies for this federal gift tax exclusion; room and board aren't eligible.

A direct tuition payment might prompt a college to reduce any potential grant award in your grandchild's financial aid package, so make sure to ask the college about the financial aid impact of your gift.

(See Note on Page 2)



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## 5 Habits to Help You Get (and Stay) Organized

By Kathleen Hall

Reviewed by QualityHealth's Medical Advisory Board

The market for home organizing products in the U.S. is growing rapidly, reflecting our collective penchant for purchasing stuff, which creates clutter-filled homes and an organizing nightmare for many of us.

While organizational tools, such as storage bins, are helpful, they are just that—tools. Oftentimes, these tools only add to the clutter. But all is not lost. By learning a few tricks you can find organization again.

According to productivity expert David Allen, when something is organized, it simply means it is where it needs to be, and in a place that reflects what the thing specifically means to you. (In fact, experts say the first step to getting organized is to ask yourself whether an object's meaning matches its location.) Conversely, you're disorganized if you need something, somewhere, that you don't have, or you have something you don't need.

The National Association of Professional Organizers says organizing is a process, not a state achieved in a day, week, or month. There are no cookie-cutter organizing solutions; however, once you learn good systems, habits, and tools, it's easier to get—and stay—organized.

### Getting Organized for Good

Organized people save time and money and reduce stress and frustration, so even small changes can be beneficial. Here, five habits that'll help get you started:

#### 1. Follow your A, B, C's

In order to create a household (or other) storage plan:

- **Assess** what you have and where you can store items.

- **Box and banish.** Store necessary items first, followed by seasonal or occasional use items, such as luggage, and banish everything you don't need, such as unused appliances.

- **Corral and control.** Find storage containers for everything left and make a final inventory control list.

#### 2. Restock Sensibly

Keep your most frequently used items at eye level. Store less frequently used items on high shelves, and use low storage areas for heavy, bulky items, or those that tend to get dirty.

#### 3. Create centers for household activities

Dedicate areas for single activities, such as recycling and paper handling, and stock them with the necessary tools and supplies.

#### 4. Batch phone calls, emails, and texts

Interruptions steal time and distract you from your task at hand. Instead of responding to them as they arrive, set aside time to devote to these tasks.

#### 5. Eliminate homelessness

The number one cause of clutter is objects that don't have a home. HGTV suggests implementing the one-in, one-out promise: for every new item, one of the same must leave. A corollary to this suggestion is to rent or borrow items where possible.

Psychologist LeslieBeth Wish suggests working with buddies to get organized. "Huge projects become less paralyzing when you tackle them with someone else," she says. It's also not necessary to complete an entire organizing project at once—and might even be more productive to break it into two or more sessions.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

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**Note:** Investors should consider the investment objectives, risks, charges, and expenses associated with 529 plans before investing, along with each plan's specific investment options, underlying investments, and investment company. More information can be found in the plan's official disclosure statements and prospectus, which should be read carefully before investing. As with any investment, there are generally fees and expenses associated with participation in a 529 plan. There is also the risk that your underlying investments may lose money or not perform well enough to cover college costs as anticipated. Finally, be aware that your ability to take advantage of any 529 plan state tax benefits may be contingent on your enrollment in your own state's 529 plan.





## *February Featured Team Member*

Gary M. Stanislawski, CFP®

President

Gary M. Stanislawski, CFP® is the president of Regent Financial Services, Inc. and works with individuals and businesses in investment, retirement and estate planning services.

With a Master of Arts degree from Oral Roberts University, Gary is a CERTIFIED FINANCIAL PLANNER™ Practitioner and past president of the Financial Planning Association of Tulsa. In 2008, Gary was elected to the Oklahoma State Senate and serves as the Chairman of the Education Committee. He also serves on the following committees: Appropriations, Finance, Rules, and is the Vice Chairman of the sub appropriations over Education. He has also served his community as past president of Jenks Public School's Board of Education, as well as the Jenks Public School Foundation Board, and the Planned Giving Committee of the Parent Child Center. Gary has also served on the board of directors for Glory House, which is a local women's shelter, and India Missions, which reaches out to bring health and wholeness to the people of India.

Gary was awarded a four-year ROTC scholarship and attended Oregon State University where he received his Bachelor of Science degree in Business Administration. Upon graduation, Gary entered the Air Force and subsequently earned his wings as a pilot in 1984. Gary flew for eight years, flying such planes as the B-52 and the B-1 Bomber. He has approximately 2000 hours of flying time.

Gary and his wife Dayna have been married for over 35 years and have two children, Shawn and Kristie. He attends Victory Christian Center where he served as the Sunday School Superintendent for six years, and Vacation Bible School Director for 12 years.



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# Cilantro Corn Soup

9 Ingredients 30 Minutes 4 Servings

## Ingredients

- 2 tablespoons Country Crock® Spread
- 1 white onion (small, finely chopped)
- 16 ounces frozen whole kernel corn (thawed)
- 2 cups water
- 1 Knorr Reduced Sodium Chicken flavor Bouillon Cube
- 1 clove garlic
- 1 poblano peppers
- 1/2 cup sour cream
- 2 Knorr cilantro MiniCubes

By: Knorr

## Directions

1. Process corn, 1 cup water and Knorr® Reduced Sodium Chicken flavor Bouillon Cube in blender until smooth; set aside.
2. Melt Spread in a large saucepan over medium heat and cook onion about 5 minutes or until tender, stirring occasionally. Add garlic and cook about 1 minute, stirring frequently. Stir in corn mixture, remaining 1 cup water and poblano pepper. Bring to a boil. Reduce heat and cook about 5 minutes or until heated through, stirring occasionally. Remove from heat. Stir in sour cream and Knorr® Cilantro MiniCubes.



Join Denise A. Lant, CFP®, for this helpful three part series discussing Social Security, Medicare, and Retirement Planning.

## Retirement Readiness: Three Easy Steps

**Location:** Jenks High School - Central Campus  
205 East B Street, Jenks, OK 74037

**Dates:** Tuesday, 2/21, 2/28 & 3/7

**Times:** 6:30pm - 8:00pm - Tuesdays

This three-part series will cover ways to maximize your Social Security income including the best time to apply for your benefits and tax issues. You will also learn about Medicare, with tips on how to integrate it with your existing health coverage and how to manage health care in retirement. The final class will integrate what you have already learned and help you develop a coordinated retirement plan.

**For more details visit:** [www.RegentFS.com](http://www.RegentFS.com) or 918-493-4190

**To register for this series:** [www.JenksCommunityEd.com](http://www.JenksCommunityEd.com) or call the Jenks Community Education office: 918-298-0340