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UNIQUE FINANCIAL GIFTS FOR COLLEGE GRADUATES



By: Alayna Okerlund - April 19, 2019

With the end of the semester approaching, many students are preparing for graduation. Those on track to graduate this spring are most likely focusing on finishing end-of-semester projects, studying for finals, and purchasing their graduation cap and gown.

And many of these soon-to-be graduates are looking forward to graduation gifts.

What does this mean for you? If you are planning on celebrating with someone who is graduating this year, you are likely planning on giving them a gift of some sort to congratulate them.

There are many different types of gifts you can choose to give your favorite college graduate, but how many of those gifts will truly help them face post-graduation adulthood? If you want to select a gift that will benefit a new graduate for years to come, choose to give them a finance-related gift.

We asked a few reliable sources to see what types of financial gifts are best suited for college graduates. Here's what they suggested:

[...]

Investments

Dr. Roshawna Novellus, CEO and Founder at EnrichHER
"The best gift you can give to a college graduate, especially an entrepreneur, is an investment. Investments can come in many shapes and sizes, but in particular, an investment that will help the grad launch their career is the most worthwhile.

This may mean opening stocks in their name, starting a retirement fund, or investing in their business. Getting capital funding for businesses is the main aspect that blocks many entrepreneurs from bringing their ideas to life. Without capital, it's impossible to manufacture a product, invest in technology, or hire employees — all pieces of the puzzle that must be in place in order to own and operate a business. By giving a recent college grad any financial investment, you are investing in their future, setting them off on the right foot that is necessary for success down the line."

Amy Eury, Marketing Strategist at MyBankTracker.com
"Gifting individual stock shares or cash for mutual funds or bonds will help them start to invest and build wealth. There are sites where you can choose individual shares (FrameAShare or GiveAShare) or Betterment lets you buy stocks and bonds and transfer them to your grad's online account. For mutual funds, you'll buy them up front and then transfer them."

Life insurance

Sa El, Co-founder of Simply Insurance

"I think a great gift would be life insurance paid up for an entire year. It will help get them started on a strong financial journey. I recommend life insurance paid up because it gives them a year to get things in order to be ready to pay for coverage themselves and it also helps them get something that far too many people procrastinate about. The price is based on the individual; however, a term life insurance policy is usually super cheap."

Mark Charnet, Founder and CEO of American Prosperity Group

"I have been a financial advisor for 37 years; the best answer I can suggest is to remind the graduate of their two greatest financial assets: youth and health — both of which will be fleeting over time. Everyone gets older and probably not as healthy as when they graduated from college. There will be pressing financial needs along their financial life, such as a mortgage, children to raise, education to pay for, and ultimately, a retirement to fund. While planning for these events, there may be hurdles to overcome like sickness, disability, and even death.

Fortunately, there is a program that can tackle most of these scenarios at the same time. One that can provide for emergency funds during life's journey, benefits in the case of a prolonged disability or a long-term care event, a terminal illness diagnosis, or even an untimely death. Better still, if none of these occur, the program will allow for a tax-free income stream during the graduate's retirement years to supplement their IRA, 401k and Social Security.

This contract will benefit when the stock market rises and will not suffer a loss when it falls. The account value will grow tax-deferred and is accessible tax-free when called upon, whether for an emergency or to produce a retirement income in the future. Under current tax law, the value is exempt from the financial aid calculation when applying for college financial aid for children or one's self, thereby maximizing grant and loan eligibility and non-creation of debt.

It's an overfunded life insurance policy (OFLI) but a very specific variety called Fixed Indexed Universal Life. It is a versatile platform that can do so much and when designed properly, under safer interest assumptions, will over-deliver with a multitude of benefits to the policy owner.

I wish my dad had started an OFLI policy for me when I was younger for many of the reasons outlined here, but one more as well. When I was age 30, I became a diabetic and was no longer offered a standard rating and totally uninsurable sometime after that, denying me 100 percent of the benefits discussed. Suffice it to say, as a father now myself, my four children will not suffer the same fate as they all have an OFLI plan that was started for them before they graduated college, a legacy and gift I am most proud to discuss."

Money coaching sessions

Michelle Clark, Founder of Shake Your Money Tree

"I've had quite a few parents purchase money coaching ses-

sions as a graduation gift to help get their new grads off on a good financial footing.

The "Master Your Money" coaching session (\$277 for 90 minutes) I offer teaches them the basics of financial wellness such as reconciling their bank account/checkbook, paying bills on time with a bill payment calendar or automation, managing credit and debt (especially if student loans are in play), creating a spending plan based on their new or increased income, knowing the differences between types of loans and interest rates, and protecting themselves and their belongings through the right types of insurance."

Emergency fund

Amy Eury, Marketing Strategist at MyBankTracker.com

"Every grad needs savings in case disaster strikes, but a recent study showed 45.9 percent of 18- to 24-year-olds have no emergency savings set aside. When on the hunt for their first job, having that cushion can keep them from ending up in debt if unexpected expenses arise. Steer your grad toward an online savings account; they tend to charge fewer fees and pay higher interest rates. If you're giving money to your child, think about setting up a joint account if you want to add money in the future."

Student loan payments

Mark Kantrowitz, Publisher and VP of Research at Saving-forcollege.com

"The best financial gift for college graduates is to help them pay down or pay off their student loans. College graduates worry more about their student loans than anything else. This gift can be in any amount the giver can afford and will be greatly appreciated by the college graduate. It saves them from having to sell a tangible gift on eBay to recover the money to pay down their debt."

Scott Butler, Financial Planner at Klauenberg Retirement Solutions

"Paying off student loans before they become debt may be one of the most effective gifts for a graduate. We often suggest that our clients pay for a student's last year of college. This strategy will lessen the graduate's student loan burden, while not having a negative impact on their qualification for financial aid, assuming they will not be moving on to further schooling next year. Plus, tuition paid directly to the school does not count against your gift tax exclusion."

CD ladder

Amy Eury, Marketing Strategist at MyBankTracker.com

"Grads want to save for things like their first new car. Setting them up with a CD ladder makes it easy for them to keep earning interest until they need to use the money since you agree to leave the money alone until it matures. The longer the terms, the more interest earned. After the maturity date, they cash it out with the earned interest. Since the grad isn't a minor, you'll need to name him or her as the co-owner."

Read the whole article at <https://bit.ly/2XC3Wcx>

Scott Butler, CRC, is a financial planner with Klauenberg Retirement Solutions. Using his background as a former teacher, Scott breaks down financial topics to levels that clients can more easily understand, believing each person should have a basic understanding of the wealth strategies and products that work for them.

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