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ESTATE PLANNING

Lifetime Gifts

Motivations and Methods for Making Lifetime Gifts

Why Make a Gift?

- To provide beneficiary with experience in handling money
- To allow donor to assess beneficiary's financial judgment and tendencies
- To implement plan for succession of the family business
- To provide support for minor children (take advantage of college savings opportunities and tax-free gifts for payments of tuition and medical expenses)
- To take advantage of potential tax savings

What to Consider Before Making a Gift

- Loss of control of property (impact of this is often overlooked)
- Reduction in net worth and periodic income (may impair investment opportunities, affect borrowing/credit abilities, and impact disposable income)
- Reduction in motivation (may discourage recipient from being a productive member of society)
- Adverse effect on qualification for need-based public assistance programs (financial aid, Medicaid, etc.)
- Loss of "Stepped-up Basis" at death (beneficiary takes a carryover cost basis as opposed to basis "stepped up" to fair market value at death if beneficiary were to inherit property instead of receiving by gift)

Some Methods of Giving

- Transfers in Trusts
- Outright Transfers
- Uniform Transfers to Minors Act
- Direct Payment of Certain Medical and Educational Expenses
- Section 529 Plans for Qualified Higher Education Expenses

For more information or assistance with lifetime gifts, please contact one of our estate planning attorneys at (919) 782-6860.

This brochure is for informational purposes only. It should not be considered legal advice for any particular matter or situation.

ANOTHER PROBLEM SOLVED
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