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Monday, 28 September 2009 14:13

You've probably already thought about how you'd like to share your assets with relatives, friends and favorite charities when you're gone, whether it's money you've saved, your home, or family heirlooms you want to pass along to the next generation.

But you needn't wait to begin making a difference in people's lives. Plus, you can reap significant tax advantages by distributing a portion of your assets now.

First, make sure you're on track to fund your own retirement, have adequate health insurance, can pay off your mortgage and are otherwise debt-free. You wouldn't want to deplete your resources and then become a financial burden on others.

If your finances are in good shape, consider these options:

Avoid gift tax. You can give cash or property worth up to $13,000 a year, per individual, before the federal gift tax kicks in. This limit doesn't apply if you're paying someone's tuition or medical expenses, or for gifts to your spouse, charities or political organizations. Read Publication 950 at www.irs.gov for more details.

Pay for education. If college is still far off for your children, grandchildren or others, consider funding 529 Qualified State Tuition Plans for them. Account interest earned is not subject to federal (and in most cases, state) income taxes; plus, many states offer tax deductions for contributions made to their own 529 Plans.

To learn more about the intricacies of 529 Plans, read FinAid's comprehensive overview at www.finaid.org/savings/529plans.phtml. Another good resource for information on the different types of financial aid, grants and loans available to college students is Practical Money Skills for Life, Visa Inc.'s free personal financial management program (www.practicalmoneyskills.com/college).

Roth IRAs for kids. If your minor children or grandchildren earn income, you may fund a Roth IRA on their behalf up to the lesser of $5,000 or the amount of their taxable earnings. You contribute on an after-tax basis, but the earnings grow, tax-free, until the account is tapped at retirement.

For young people, these earnings can compound tremendously over time. For example, if you made only a one-time $1,000 contribution for your 16-year-old granddaughter, at 6 percent interest the account would be worth nearly $20,000 – tax-free – at age 66. If she contributed an additional $50 a month going forward, it would grow to more than $210,000 at 66.

Fund someone's benefits. Many people cannot afford health insurance and so forego coverage, putting themselves just one serious illness or accident away from financial disaster. Many also cannot afford to fully fund their 401(k) plan or IRA. Consider applying your tax-exempt gifts mentioned above to help loved ones pay for these critical benefits, greatly increasing their financial self-sufficiency.

Charitable contributions. If you're planning to leave money or property to charities in your will, consider beginning to share those assets now, if you can afford to. You'll be able to enjoy watching your contributions at work – and deduct them from your income taxes. Read IRS Publication 526 for details (www.irs.gov).

Before taking any of these actions, consult your financial advisor to make sure your own bases are covered. If you don't have an advisor, visit www.fpaforfinancialplanning.org for help locating one.
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