



How Gifting Can Work for You

The objective of financial planning is to have a consistent and comfortable lifestyle. Our clients learn how to plan, budget, invest, and optimize spending. When in doubt, we serve as a trusted second opinion.

One crucial goal of financial planning is to avoid spending cliffs, those sudden increases or decreases in spending that can lead to dramatic and undesirable changes in lifestyle. You want to navigate risks and opportunities so that you can maintain a smooth trajectory as you move through the different stages of your life. At some point in your financial journey, you may begin to consider how to share your wealth.

One of the best ways to spend is to gift money to the people we care about. Watching them enjoy and benefit from resources we've worked hard to create can bring us tremendous joy.

You might choose to give to family members, friends, an organization that is meaningful to you, or all of the above. But the rules can be complicated. Estate planning and gifting is an exercise in determining how much we can gift before death and not place our own wellbeing or lifestyle in jeopardy.

Gifting can also be a powerful tool to reduce the taxable amount of your estate. Here are just a few examples of tax-reducing options:

- Gifting can be done before, at, or even after death with the use of tools like trusts. By establishing a trust to hold a life insurance policy, you can help keep the beneficiary's funds out of your potentially taxable estate.
- 529 College Savings Plans currently have a five-year option, in which you can make up to five years' worth of gifts at one time into each of your beneficiaries' accounts.
- Gifts to charitable organizations are often eligible as income tax deductions AND the gift itself is usually not taxable.

You can build and foster a relationship with the nonprofit organizations that you support through legacy gifting. Just as your goal is to avoid spending cliffs and maintain a comfortable lifestyle, a legacy gift to a charitable organization can provide stable, measurable resources for years to come for those you care about.

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Investors should consider the investment objectives, risks, charges and expenses associated with municipal fund securities before investing. This information is found in the issuer's official statement and should be read carefully before investing. Investors should also consider whether the investor's or beneficiary's home state offers any state tax or other benefits available only from that state's 529 Plan. Any state-based benefit should be one of many appropriately weighted factors in making an investment decision. The investor should consult their financial or tax advisor before investing in any state's 529 Plan.

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