

THE LEGACY SPECTRUM



Educational Funding Letter

Many grandparents wish to help their grandchildren with the cost of attending college. Some grandparents wait until their grandchildren attend college, and help fund the related costs from their current cash flow. Others give money to their children, and let them deal with their children's tuition costs. Others partially pre-fund college costs using tax-favored college savings vehicles such as 529 plans. Professional advisors can help you determine which funding vehicle best suits your particular circumstances, goals and current tax law.

This letter is an example of one you would write if you decided to pre-fund college costs using a 529 plan.

Dear _____,
(children)

As you know, we are strong believers in the value of education. It is the foundation for good citizenship and the doorway to meaningful career opportunities.

Unfortunately, the cost of education in our country continues to rise at a seemingly unsustainable rate. Many students incur student loan debt that takes many years to pay off. We would like to help you save for the cost of your children's educations.

We plan to save up to \$14,000 per year for each of our grandchildren as long as our cash flow permits. We will establish a 529 plan for each child. We will own the 529 accounts while we are alive. Upon our deaths, you, the parents, will become the owners of your child's 529 account. Each account may end up with different amounts depending on the child's age when we start funding the account, investment results and when funds are withdrawn for tuition. At this time, our intent is to discontinue our contributions to these accounts when we retire and begin living on less income.

Whether our grandchildren attend a university, community college or trade school makes no difference to us. Our hope is that each advances their learning so that they might pursue fulfilling careers. Through our financial contributions, scholarships and their part-time jobs, we hope our grandchildren will be able to avoid significant debt as they complete their educations. If a grandchild decides not to pursue further education after high school, we envision that the balance of his/her 529 Plan will be rolled into the accounts of his/her siblings who pursue higher education.

It is our plan to review the investment earnings and plan balances each year at our Family Meetings.

With love,

(Mom and Dad)