

Gifts to Minors

Leap Systems has found that special gifting accounts for minors may not be the best overall strategy for funding college education capital. For the few dollars it may save in income taxes, the restrictions and lost opportunity costs can potentially be significant. Restrictions on the availability of money and the loss of protection against death, disability and future income taxes make this strategy a weaker choice for most consumers than other more productive choices. A program that pays little or no income taxes, maintains control over the assets, potentially keeps the assets out of the hands of creditors, and completes the plan in the event of death or disability would be superior. Consumers should consider all of the alternatives for funding college tuition and other costs before selecting special gifting accounts for minors.

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