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The Legal Perspective

Willingham & Coté, P.C.
Attorneys at Law | www.willinghamcote.com

Should You Contribute to 529 Plans for Estate Planning?

Do you have assets in excess of $11 million per single person or $22 million per couple, and wish to avoid estate taxes? Do you have investment monies and wish to contribute to the education of your heirs? You can choose to donate money toward a college education for your children and/or grandchildren to avoid paying those taxes upon your death.

What are 529 Plans?

There are two types of 529 plans: (1) prepaid tuition plans, which allow you lock in tomorrow's tuition at today's rates; and (2) college savings plans, which allow you to choose from a variety of investments to grow the monies to pay for the future tuition rates of your children and/or grandchildren. Both types of plans are generally sponsored by a state government and administered by one or more investment companies.

Withdrawals from the 529 plan may be used to pay for undergraduate or graduate school expenses, as well as tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, all of which constitute "qualified higher education expenses" pursuant to the Internal Revenue Code. However, any withdrawals for elementary or secondary public, private, or religious school are limited to up to $10,000 per beneficiary per calendar year.

Your Giving Options

Federal tax law permits you to give a maximum of $15,000 to as many individuals as you choose each year, free from federal gift taxes. Couples can give $30,000 without incurring gift taxes. As a result, one method of reducing a taxable estate is to make scheduled gifts up to the tax-free limits each year. You might give $15,000 to each child/grandchild on an annual basis.

To exceed the $15,000 per individual or $30,000 per couple gift tax, the 529 plans are a perfect gift. You can gift a maximum of $15,000 each year per beneficiary as long as you have not made any additional taxable gifts to the beneficiary in that year. You can also accelerate your gifting schedule by electing to make a lump-sum contribution of $75,000 to a 529 plan in the first year of a five-year period ($150,000 for a couple). In doing so, you may not contribute any further monies to that particular beneficiary for five years. And if you use the five-year election and die before the five years have expired, a prorated portion of the contribution will be considered part of your taxable estate. Once the five years are up, you can make another gift to the same beneficiary in the same amounts.

This example demonstrates the maximum contributions that you may give: an individual who has five grandchildren could immediately remove up to $375,000 (or $750,000 for a couple) from his or her taxable estate by contributing the money to five separate 529 plan accounts. Five years later, he or she could do it again with the same beneficiaries.

Estate planning is an art. You should consult with professionals such as lawyers and accountants to ensure that you are able to limit your tax liability in making gifts to your beneficiaries.

Torree J. Breen is the chair of the Family Law Practice Group and is a member of the firm's Litigation Group, Estate Planning, and Hospitality and Alcohol Law Practice Groups.

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Commercial Litigation
Divorce & Family Law
Estates & Gifts
Hospitality & Alcohol Law

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Lee B. Reimann (of Counsel)
Business & Corporate
Estates & Gifts

Staff Spotlight

Heather Deveraux

What is your role at the firm?

Billing Specialist/IT Administrator

How long have you been at the firm?

18 years

What is your typical day at the firm?

I don't tend to have a typical day. My days are all different, which keeps my job interesting and fulfilling. There are certain activities that I complete every work day, like cash receipts and client updates. There are days that I am billing the majority of the day and there are days that I am problem-solving computer issues. I do weekly and monthly status reports for the partners and run various reports. Some days I am processing pictures for evidence and printing them for exhibits. I also make all the CD/DVD copies to be sent to our experts. I make sure the servers are running properly, act as a helpdesk, and set up computers when necessary.

What is your favorite part of your role and what aspect is the most challenging?

My favorite part is the billing. I have an accounting mind. I especially like the challenge of the electronic billing systems for some of our clients and enjoy figuring out how to use them. I also love when I learn something new and am able to fix a computer issue that is perplexing.

The most challenging would be the different personalities of not only the employees, but the clients. Knowing how to deal with everyone in a professional way that pleases them is a challenge. Everyone likes what they like — after 18 years, I think I have got it down, but still a challenge at times. My psychology major comes in handy with this aspect of the job.

What is one element of your role/the firm that people might not realize?

The people who work here are great. They realize I wear a lot of different hats, and they respect that. We have a great team here and we all do our part. I guess if anything, people probably don't realize how much of the tech I do rather than having our outside tech firm handle things. I troubleshoot extensively before making a call to our IT vendor, which often saves costs and time.

Anything else you would like to share?

I have one son, who just finished his freshman year at Lawrence Tech University. He is majoring in Robotic Engineering. I have wonderful parents and an awesome sister who all helped me navigate single motherhood. I am very blessed. My next goal is to go to school for Forensic Accounting. My mind loves a good numbers problem, especially when I have to dig for it.

Community Involvement

Our firm strongly believes in the importance of supporting community programs and events. These principles are exhibited through donations, sponsorships, and participation in community functions.

Attorneys Attend Greater Lansing Food Bank Fundraiser

Pictured above: Michael & Amy Stephenson and Torree Breen

Our firm is proud to have once again sponsored the Greater Lansing Food Bank's Empty Plate Dinner and Strolling Auction. The event took place at the Kellogg Center on Thursday, May 2 and over $500,000 was raised to support those in need in our community. Partners **Scott Breen**, **Torree Breen**, **Michael Stephenson**, and Marketing Director **Amy Stephenson** were in attendance and enjoyed bidding on a variety of amazing auction packages donated by area businesses.

*Client Appreciation Tailgate | **Save the Date***

Please join our firm on **Saturday, September 28** for our 6th Annual Homecoming Tailgate. We will once again be hosting the event on the beautiful campus of Michigan State University. This homecoming, MSU will be playing Indiana. The festivities will take place at Demonstration Hall (behind the Sparty statue) and continue throughout the game, and a large-screen TV will be available to view the game for those without tickets.

Please join us for this family-friendly event. Parking is available at Munn Ice Arena, and there will be a shuttle service available from Lot 89. Food and beverages will be provided.

To RSVP, please call **517-324-1037** or email at events@willinghamcote.com.

Firm News

Take Me Out to the Ball Game…Client Appreciation Outing

Firm President **Michael Stephenson**, attorneys **Joe VanHorn**, **Troy Clarke**, **David Nelson**, **Curt Hadley**, and support staff from the Medical Malpractice team hosted clients from The Doctors Company at a Detroit Tigers game on Tuesday, May 21. Sadly, the Tigers lost in overtime but a great time was had by all. We would like to thank the Lansing-based Market Resource Group for providing use of their corporate suite.

Ingham County Bar Association Annual Shrimp Dinner

Attorneys **Joe VanHorn**, **Bob Wood**, **Dave Nelson**, and **Michael Stephenson** and (former WC attorney) **Pat Hanes** enjoyed the ICBA Annual Shrimp Dinner on Wednesday, May 15 at the Lansing Liederkranz Club. Attorneys look forward to this event each year, where a fabulous meal is cooked and served by local lawyers and judges. We are proud sponsors of this decade-long legal tradition.

Areas of Practice:

- *Appellate Work*
- *Association Law*
- *Business & Corporate*
- *Commercial Litigation*
- *Criminal Law*
- *Family Law*
- *Estates & Gifts*
- *Franchise Law*
- *Hospitality & Alcohol Law*
- *Insurance Law*
- *Professional Licensing*
- *Real Estate Law*

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Other Announcements

Join us on Facebook and Twitter

Please share our FB page or Twitter feed with colleagues, friends, and family. We provide relevant legal blogs, attorney and staff announcements, and general support for the East Lansing and Lansing Community!

Staff Announcements

Congratulations Betsey on Your Retirement!

Our firm bid a fond farewell to **Ms. Betsey Taack**, who served as a legal secretary to our founding attorney, **Mr. Jack Coté**. She recently retired after almost three decades of service. Her daughters surprised her with a visit from out of state, and Managing Partner **Curt Hadley** shared stories and thanked Betsey for her service to the firm. Her corner desk, annually brightened by holiday décor, will not be the same without her, but we wish her a wonderful retirement, spending time enjoying her grandchildren.