



Retiring The Month With Mike: May Edition

Dear Client of Lobo & Pascale,

I want to introduce you to my new monthly feature, "Retiring the Month with Mike". During these monthly posts I will be featuring a new topic on how we can help further educate you on financial matters. During meetings with clients, Jeremy, Chris and I heard about areas in which you may desire to learn more about. Additionally, I will be featuring our "Social Media Post of the Month" from either our company Twitter account or one of our LinkedIn profiles.

The first area I wanted to write about was the popular "529 Plan". Just last week on May 29th, it was 5/29 Day so I figured this would be an appropriate post to recap the topic. A 529 plan is increasingly crucial to helping families save for college and K-12 education costs. But today, achieving a successful plan is even more challenging, given that college and private school costs are outpacing inflation. We are here to let you know that starting the college planning process can be done now, and is easier than once thought. I have supplied answers for some of the most frequently asked 529 questions, such as: What is a 529 plan? How much should they save? How does a 529 plan impact financial aid eligibility? Below is a chart discussing a brief overview of 529 Plans. I think these charts should be a beneficial starting block for answering some of the questions you may have. As always, please feel free to reach out directly to see if this is an appropriate plan that should be implemented into your financial plan for child, grandchild, or loved one.

Invest in a Child's Future with a Fidelity Advisor 529 Plan

A 529 plan can be a smart strategy for covering the cost of college—and for good reason. These plans offer several benefits that can help make the most of the money you invest for college.

Plan Advantages

When you invest your money for college in a 529 plan:

- Withdrawals are free from federal income taxes when used for qualified education expenses such as tuition and room and board.
- You can also use the funds to pay for K-12 tuition up to \$10,000 per year tax-free.¹
- Your earnings grow tax deferred.

Control and Flexibility

Unlike other savings accounts, a 529 plan offers the owner:

- Complete control of the account, even after the beneficiary turns 18.
- Flexibility to use the assets at most accredited colleges and universities.^{1,2}
- No income requirements for opening an account.

Accelerated Gifting

Gifts made to a 529 plan are good for the giver and the receiver:

- Make five years of contributions at one time—up to \$75,000 per beneficiary (or \$150,000 per couple).³
- Accelerated gifts may result in a larger 529 plan account balance over time, thanks to compounding.
- Assets gifted to a 529 plan are considered immediately removed from the donor's estate, which may help reduce or eliminate estate taxes.

1. Up to \$10,000 per taxable year in 529 account assets per beneficiary may be used for tuition expenses in connection with enrollment at a public, private, or religious elementary or secondary educational institution. Although the assets may come from multiple 529 accounts, the \$10,000 qualified withdrawal limit will be aggregated on a per beneficiary basis. The IRS has not provided guidance to date on the methodology of allocating the \$10,000 annual maximum among withdrawals from different 529 accounts.

2. Includes many vocational and technical schools and eligible foreign institutions.

3. In order for an accelerated transfer to a 529 plan (for a given beneficiary) of \$75,000 (or \$150,000 combined for spouses who gift-split) to result in no federal transfer tax and no use of any portion of the applicable federal transfer tax exemption and/or credit amounts, no further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the five-year period, and the transfer must be reported as a series of five equal annual transfers on Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return. If the donor dies within the five-year period, a portion of the transferred amount will be included in the donor's estate for estate tax purposes.

In this month's featured "Social Media" post, Chris and I took a trip down to New York City to visit fellow Commonwealth Financial Network advisor, Douglas Boneparth at 7 World Trade Center. Doug is one of the industry's leading Financial Advisors for the millennial generation. Doug was kind enough to offer words of wisdom to us to help me focus on my new developed niche area of working with young professionals. I look forward to helping Jeremy and Chris grow their business with building up our millennial client demographic and grow with these clients as we both progress in our careers together.



Chris Pascale, MBA, CFP®, CIMA®, AIF®

Owner/Partner at Lobo & Pascale Wealth Management, LLC
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Thank you **Douglas A. Boneparth, CFP®**, a fellow **Commonwealth Financial Network** advisor, and **NYU Stern School of Business** MBA alumni, for having **Michael A. Mendillo Jr.** and I come down to NYC to speak with us about marketing to the millennial client demographics. Thanks again for spending the afternoon with us, Doug!

Doug is **#NYC's #Financial** Advisor for **#Millennials** and is on CNBC FA Council.

#networking #marketing #business



48 Likes · 2 Comments

Sincerely,

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