

This Weekly Newsletter  
is brought to you by

**HOOK LAW CENTER**  
*Legal Power for Seniors*

Tel: 757-399-7506  
Fax: 757-397-1267

*Locations:*

*Virginia Beach*  
295 Bendix Road, Suite 170  
Virginia Beach, VA 23452

*Suffolk*  
5806 Harbour View Blvd.,  
Suite 203  
Suffolk, VA 23435

**Get the Latest from  
Hook Law Center**

*On the Web:*  
hooklawcenter.com

*Like Us on Facebook*  
Ensure the best possible

*Connect with Us on LinkedIn*

*Follow Us on Twitter*  
family. We'll help you

*choose the right options,  
Add Us to your Circle on  
Google+*  
support, and services.

*This report is not intended as a substitute for legal counsel. While every precaution has been taken to make this report accurate, Hook Law Center assumes no responsibility for errors or omissions, or for damages resulting from the use of the information in this report.*

**757.399.7506**

© 2015 Hook Law Center  
All rights reserved.

**Start Planning ▶**

## Gifts to Grandchildren Through 529 Plans

by Jessica A. Hayes, Esq.

529 Plans are an attractive option for seniors for various reasons: They permit you to contribute to your grandchildren's future education while maintaining control of the funds; they allow you to reduce your taxable estate, potentially resulting in lower (or no) estate taxes at your death; and they offer flexibility in that if you need to take back the money later, you may do so (albeit with a penalty of 10% of the earnings). In addition, because the grandchildren are not the owners of these accounts, the funds generally are not counted against the grandchildren when applying for financial aid.

529 Plans are named for Section 529 of the Internal Revenue Code, and they permit you to set aside funds for the qualified higher education expenses of a grandchild (or other family member) at eligible educational institutions. There is no limit to the amount you may contribute to a 529 Plan account each year, although in 2015, if you contribute more than \$14,000 in a year (\$28,000 for a married couple), you will need to file a gift tax return. The funds you contribute are usually invested in mutual funds, with earnings on the investment growing tax-free.

The individual for whose benefit the 529 Plan account is created is not required to use the funds for higher education, but if he or she uses it for any other purpose, the earnings are taxed as ordinary income to you (as owner of the account). If the funds are used for someone other than qualified higher education expenses, a 10% penalty on gains will also apply, unless the grandchild receives a full scholarship, becomes disabled, or passes away. If you realize that the grandchild for whom you created a 529 account does not plan to use the funds for higher education, however, you may change the beneficiary of the account to another member of that grandchild's family or to another grandchild of yours.

Each state has its own 529 Plan, but a plan created in one state may be rolled over into another state's plan. "Virginia529" is the name of Virginia's 529 Plan, and it is the largest in the country. It currently offers four programs, which include a prepaid tuition program and three savings programs. Virginia offers income tax benefits to individuals who contribute to a Virginia 529 Plan (you may deduct contributions to a 529 Plan up to \$4,000 per account per year, with unlimited carry forward to future years), and permits up to a total of \$350,000 to be deposited into accounts for each student. Funds from the plan do not have to be spent at an in-state school; they can be used at public and private schools (and some graduate schools and training programs) around the world.

## **Gifts to Grandchildren Through 529 Plans (cont'd)**

529 Plans offer several benefits, but they are not the best option for everyone. If you anticipate applying for Medicaid benefits, for example, because you control the funds, under current Medicaid law, a 529 Plan you create is considered a countable resource. An experienced elder law attorney can assist you in determining whether creating a 529 Plan is a good option for you, given your financial situation and your potential future long-term care needs.



### **Manatee Update**

**Hook Law Center:** Kit Kat, what can you tell us is the latest news about manatees?

**Kit Kat:** Well, there's a change in their protections status that is being considered by the Fish and Wildlife Service. Currently, the manatee is listed as an endangered species; however, there is pressure from commercial interests to remove them from this list. In 2012, a petition was filed by a property and boating group to have them taken off the endangered species list. It has taken this long for a proposal to be considered. The decision won't be made for several months. Even then, if the decision goes against manatee protection, there will be a public comment period before they are removed. If you want to learn more about what you can do to help the manatee, go to [humansociety.org/helpmanatees](http://humansociety.org/helpmanatees).

I guess you could say it's all in one's perspective. This special interest groups asserts that the manatee has rebounded and no longer needs protection. People advocating for keeping them on the list say that, after 40 years of being on the protected list, there are still only about 4,830 manatees left off the Florida coast. Despite lowered speed limits in known areas where the manatees swim, 73 were killed in 2013. Furthermore, the Florida Fish and Wildlife Conservation Commission reports that about 80% of all manatees have scars from encounters with boats. Other threats to the manatee include colder weather patterns and increased red algae blooms which are poisonous for the manatee and their food supply. They have to have warm water to exist. To obtain it, many are forced to congregate near power plants where the water tends to be warmer.

So, we'll just have to wait and see what action the Fish and Wildlife Service takes. I know which side I'm on. Each person will have to decide for himself/herself.

(Tanya Mulford, "Tough Times for Treasured Manatees," *All Animals*, March/April 2015, p. 10-11)

**Upcoming Events**

- **May 21 & 22, 2015** – The HLC Monthly Seminar for **May is My Mother Needs Long-Term Care Right Now...What Can I Do?** The seminar is scheduled at 10 a.m. on Thursday, May 21, 2015 in Suffolk and at 10 a.m. on Friday, May 22, 2015 in Virginia Beach. To register and reserve your seat, please call 757-399-7506 and ask for Debbie or register online at [www.hooklawcenter.com/seminars](http://www.hooklawcenter.com/seminars).
- **June 25, 2015** – Andrew H. Hook will be speaking to a group at the Virginia Beach Psychiatric Center in Virginia Beach, Virginia.
- **August 12, 2015** – Andrew H. Hook will be speaking to a group at Maryview Hospital in Portsmouth, Virginia.
- **August 21, 2015** – Andrew H. Hook will be speaking to a group at DePaul Hospital in Norfolk, Virginia.
- **August 27, 2015** – Andrew H. Hook will be speaking to a group at Mary Immaculate Hospital in Newport News, Virginia.
- **September 9, 2015** – Andrew H. Hook will be speaking at a Virginia Continuing Legal Education seminar, location TBA.
- **October 26, 2015** – Shannon Laymon-Pecoraro will be speaking at the National Business Institute's seminar on The Probate Process from Start to Finish in Virginia Beach, Virginia.



**This Weekly Newsletter  
is brought to you by**

**HOOK LAW CENTER**  
*Legal Power for Seniors*

Tel: 757-399-7506  
Fax: 757-397-1267

***Locations:***

*Virginia Beach*  
295 Bendix Road, Suite 170  
Virginia Beach, VA 23452

*Suffolk*  
5806 Harbour View Blvd.,  
Suite 203  
Suffolk, VA 23435

***Get the Latest from Hook Law Center***

*On the Web:* [www.hooklawcenter.com](http://www.hooklawcenter.com)

[\*Like Us on Facebook\*](#)

[\*Connect with Us on LinkedIn\*](#)

[\*Follow Us on Twitter\*](#)

[\*Add Us to Your Circle on Google+\*](#)