

# You're a grandparent



## Congratulations

Being a grandparent can be a wonderful experience. You can take great pride as your grandchildren learn, grow and mature. As they make the journey from cribs to college dorms, your grandchildren will face many challenges, and in some instances, they'll have to go it alone. However, there are a number of ways that you can help make their lives better. You've helped your own children, and now you have the opportunity to help a new generation. Let's take a look at some of the financial burdens that lie ahead and discuss some ways that you can lend a hand.

Grandparents often dream about the day when they can attend their grandchildren's college graduations, dance at their weddings, or visit their new homes.

### Mounting costs

Grandparents often dream about the day when they can attend their grandchildren's college graduations, dance at their weddings, or visit their new homes. All of these goals are very worthwhile, but each has a price tag attached to it. With the costs of higher education skyrocketing, your grandchildren can use all the assistance they can get.

### School aid

A college education can fill your grandchildren with wisdom, enhance their lives and offer the potential of a better career and higher income. With college costs so high, multigenerational sharing of expenses is now common. You can give your grandchildren many gifts, but assisting with education expenses may be the most worthwhile gift you can give. How can you help? Let's take a look at some options:

**Pay it now** – For school-age grandchildren, one way you can help is to send a check directly to the educational institution. That way, you provide immediate assistance as well as ensure that the money is used only for education expenses. The key disadvantage is that grandparents don't enjoy any tax savings through this direct approach.

**Pay it forward** – If your grandchildren have some years to go before college, you can put money aside for them through tax-advantaged vehicles, such as:

### Education Savings Accounts (ESAs)

These accounts offer tax-deferred growth and tax-free withdrawals for qualified educational expenses, such as tuition, books, etc. A key feature of ESAs is that they're not just for college. Funds can be withdrawn tax-free to pay for qualified expenses at any level – primary, high school, college and graduate. ESAs also offer a wide range of investment options, making them an

## Financial Wellness & Education

attractive choice for many grandparents who want to build a fund for their grandchildren's education.

**529 Plans** – These state-sponsored investment vehicles have no income limits and offer high contribution limits, tax-deferred accumulation and tax-free withdrawals for qualified higher education expenses. In some states, contributions are deductible from state income taxes for in-state residents. The rules governing such plans are determined by the plan in which you invest, so it's best to check it for details.

### Building your legacy

Many grandparents seeking to leave a legacy to their heirs turn to life insurance. Life insurance allows grandparents to multiply their generosity. Upon the death of an insured person, the policy's proceeds are paid to the beneficiaries, such as grandchildren. In most instances, these life insurance proceeds pass to named beneficiaries free from federal income tax. Your grandchildren could then use this legacy to defray the costs of paying for a wedding, funding a college education or helping with a down

payment on a home. In some instances (e.g., through the use of a trust and proper structuring of the ownership and beneficiaries), life insurance proceeds can be shielded from estate taxes. You should consult your estate-tax planning professional for more information.

### Benefits of gifting

You can help your grandchildren – and yourself – through gifting. You can help reduce the size of your estate, and thereby reduce your estate tax bill, by giving gifts during your lifetime. Currently, the annual gift tax exclusion allows you to give away up to \$14,000 tax-free per year, per recipient. If you're married, you and your spouse may be able to shelter up to \$28,000 from the gift tax under current law, according to the IRS. For example, if you make a \$14,000 gift to help pay for your grandchild's wedding, in most cases that \$14,000 is removed from your estate. This information is general in nature. You are encouraged to discuss specifics with your estate-planning professional or tax adviser.

### Benefit from our experience

Foresters Financial Services, Inc. provides everyday families and individuals with financial solutions, guidance and tools, to meet their needs across all life stages. Our Financial Representatives offer personalized service combined with a solid, long-term approach and fresh thinking to help you:

- Save and invest for retirement, education and other life events
- Create retirement income strategies
- Protect the ones you love
- Plan your legacy

Together, we can help you achieve financial and family well-being—now and tomorrow, this generation and the next.

Neither Foresters Financial nor its Representatives offer tax, legal or estate planning services. Clients should contact their personal tax and legal advisers for any advice about tax-related investment decisions, estate planning or gifting.

*The information contained herein is not intended as a recommendation of a specific security or investment strategy. Rather, it is intended to be general and informational in nature. Speak with your Representative to discuss your specific situation and financial goals.*

*All securities, life insurance and annuity products are offered through Foresters Financial Services, Inc. Insurance products are issued by Foresters Life Insurance and Annuity Company, New York or The Independent Order of Foresters. All guarantees, annuity payments and policy provisions are subject to the financial strength and claims-paying ability of the issuing company.*

For more information about First Investors mutual funds from Foresters Financial Services, Inc. you may obtain a free prospectus or summary prospectus by contacting your Representative, writing to the address below, calling 800 423 4026 or visiting our website at [forestersfinancial.com](http://forestersfinancial.com). You should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus and summary prospectus contain this and other information about the funds, and should be read carefully before you invest or send money. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

*Foresters Financial™ and Foresters™ are the trade names and trademarks of The Independent Order of Foresters (a fraternal benefit society, 789 Don Mills Road, Toronto, Canada M3C 1T9) and its subsidiaries, including Foresters Financial Services, Inc.*

Foresters Financial | 40 Wall Street | New York, NY 10005 | 800 423 4026 | [forestersfinancial.com](http://forestersfinancial.com)