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Last Month:

- **Debate of Credit Card Fees Heats Up**
- **Banks Swimming in Cash**

Important Links:

Internal Revenue Service

Indiana Department of Revenue

Know someone who would benefit from this Newsletter? Send us an e-mail address.

FOR SALE

BUSINESSES AVAILABLE

GOODWILL in a DIVORCE

For business clients getting a divorce, the division of Goodwill continues to be a topic worthy litigation. In nearly every state, Personal Goodwill and Enterprise Goodwill are considered separat Enterprise goodwill value continues as part of marital assets, whereas Personal Goodwill is therefore the two types of Goodwill must be separated.

This is an important distinction. Enterprise goodwill is defined as the value of the company with the owner present, and paying a "new" owner reasonable compensation to operate business. Personal goodwill is not divisible as a marital asset because this type of Goodwil separate and distinct to an individual, and may reduce the value of the business in the valuation company to determine "marital value".

Business valuations are tricky, and if an accurate analysis of the company is not made and incor value may be determined. Expect to pay a reasonable price for the valuation and do not accept lowest price, normally you get what you pay for. Whether a valuation is needed for divorce, est ESOP, stock options, gifting, C to S conversion, or any other method, please do not hesitate to call office.

529 Plans for a Parent

Establishing a 529 college savings plan for children is not the only use for these accounts. Schooling parents may also be paid from these types of arrangements.

Typically, a 529 account is set up as a tax advantaged investment vehicles for the benefit of college bo children. But an adult's name can also be attached to an account of this nature. When a paren considering a career change or wants college courses for continuing education, setting aside funds to g tax-free and provide a state tax benefit makes sense.

With the changes in the job market, additional education for adults has jumped since the crash in 20 The number of student over 30 has increased by 16%. With an unemployment rate hovering in exces 9% for the same time period, these statistics are not surprising.

Many companies have eliminated the education reimbursement programs once available to encou employees to improve skills. A 529 plan can take the place of these programs and help to relieve the st of an employee paying for these expenses themselves.

The courses do not have to be career specific. If a school offers post secondary education and a stud

1. BRAND NAME garage door installation and repair company - Marion County and surrounding counties.
2. “C” store
3. Beauty shop – Fishers
4. LAUNDROMAT – Indy East Side
5. Dry Cleaner
6. Liquor Store

can apply for federal financial aid, funds in a 529 plan may be used to offset the qualifying tuition and fe

529 accounts are more commonly used to pay for a child’s tuition to attend college or graduate sch But, there is no prohibition for using an account of this type for an older student. Funds in a 529 p established for a child can be redirected for use by a parent, or funds set up for a parent can be redirec to a child or grandchild.

Paying for Tuition with a 529 Plan

Withdrawing funds from a 529 plan may seem simple. Timing and tax-planning considerations complicate the issue. Earnings in these accounts grow tax-deferred and no income tax is withheld w funds are removed for tuition, and qualifying expenses such as fees, supplies, or equipment.

When funds are withdrawn, take out enough to cover as much of a student’s qualifying expense needed. But, claiming the American Opportunity or Lifetime Learning credit can affect how much o student’s expenses qualify.

For example, if a student’s first semester freshman year qualifying expenses and tuition is $20,00 parent may be eligible for a $2,500 American Opportunity credit for the first $4,000 of tuition paid. If credit is claimed, $16,000 in expenses can be withdrawn from the 529 plan tax-free. Amounts above threshold would be subject to tax.

High earners may not be able to claim these credits, so determine if you are eligible based on inco limitations before taking the credits. Determine the amount of credit in advance and pay that portio the tuition out-of-pocket.

There is no penalty for making the check from a 529 plan out to an account holder, parent grandparent, as long as the funds are used for the proper education expense. Another option is to m the check out directly to the student. By doing this, if any portion of the withdrawal determined to taxable, it is taxed at a student’s lower tax rate. A check written directly to a school generally removes ambiguity of the purpose of the funds.

Withdraw funds in the year the expense is due to avoid a problem of a mix up when payments expenses are applied. Take money out close to the time when payment is due to prevent a mismatch.

THESE ARTICLES MAY NOT BE USED FOR PENALTY PROTECTION