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Pamela Snetro: Financial planning starts at birth

Congratulations to [Prince William](#) and Kate on the birth of the newest heir to the British throne. They certainly will have to contend with a host of issues in the months ahead, as the world's press tries to squeeze out every bit of gossip possible about the young lad.

That's a problem few others in the world will every have to face.

As they contend with flocks of snooping paparazzi, I am sure William and Kate will not be worrying about another issue of concern to most new parents -- how they will afford their baby's future college education.

For a child born today, if present trends continue, the cost of attending an [Ivy League](#) university is likely to top \$420,000 -- and that's just for the tuition. Even tuition at a middle-range public university is probably going to top \$125,000.

The royal birth should serve as a reminder that unless you are in line to be king of a world power, you'll have to do some serious planning to create a family's legacy -- whether that is a financial or societal one.

For years, the British royals have spent time promoting a host of charitable causes. But you don't have to be wealthy to create a rich legacy; you just have to leave the world a better place.

When our children see us drop off outgrown clothes and toys at a shelter, or clean up a park, we teach them about giving back to the community. When they help us cook for the hungry, visit someone who is sick or walk for a cause, we are teaching them about charitable giving. And when we write a check to our favorite charity, we are not only showing them what is inherently good and generous in our spirit, we are passing along a lesson on wealth management, as well. This is how all of us can create a legacy for our future generations.

The traditional definition of a legacy implies the passing on of wealth to specified beneficiaries. But a legacy is as much about the opportunities we leave to our children as it is about personal wealth. When we volunteer, when we fundraise, when we empower our children with new skills

and knowledge, when we speak up for what is right -- all of these become the legacies we leave behind.

As for a financial legacy, there are many options. Here are a few:

A private family foundation can be the basis of long-term charitable giving, although there are considerable legal issues to consider.

Charitable remainder trusts let people donate to a worthy beneficiary as well as potentially defer capital gains and income taxes at the same time.

Gift annuities are contracts between a donor and a charity, whereby the donor transfers cash or property to the charity in exchange for a partial tax deduction and a lifetime stream of annual income from the charity.

Pooled income funds allow you to (1) ensure a lifetime income, (2) claim a current tax deduction and (3) make a future gift to charity.

Donor-advised funds can be easy to establish, low-cost and flexible. These funds typically are administered by a public charity, created to manage donations on behalf of the family or individual.

The first step is to act, whether building a financial or a social legacy.

To fund the future education of anyone's infant prince or princess, one potential solution is a [College Savings 529](#) savings account, which provides a tax-advantaged way to build a nest egg to pay for the education of today's baby. Another option is a Roth Individual Retirement Account. Consulting with a good accountant, tax attorney or financial adviser is probably a good idea before making a choice.

[The Times](#) of London recently reported that the latest addition to Britain's royal family could spark a new baby boom, ensuring decades of competition for future crops of the college bound. Thus, today's new parents should be aware of all the factors that could affect the future of their children, and take the appropriate steps now to be prepared when the future becomes the present. Because waiting too long can become a royal pain.

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