



August 2021

Paying For College

This time of year, as high school graduates head off to college, I am often asked by parents, "Can I withdraw from my IRA to help pay college expenses?". Parents are increasingly sacrificing their own retirement in favor of their children's education. A recent Boston Globe survey revealed seventy-five percent (75%) of parents willing to delay retirement to help pay for their children's college experience. The reason for this question is quite understandable since most family's wealth is held in retirement accounts like IRAs.

The short answer is "Yes, you can withdraw from your IRA to help pay college expenses." However, if you are under age 59 ½ be careful to observe the nine points below to avoid the 10% early distribution penalty.

Which retirement accounts to tap. Penalty-free withdrawals for higher education are only available from your IRA, SEP IRA, and SIMPLE IRAs. If you take the distribution from your company plan such as 401k, 403b, TSP or 457 you will be hit with the 10% penalty.

Timing rules. The distribution cannot exceed the amount of educational expenses paid in the same calendar year.

Dollar limits. There are no dollar limits on penalty-free withdrawals. Just remember you will have to declare the withdrawal as income.

Does the school qualify? Any accredited post-secondary college, university or vocational school qualifies if it is eligible to participate in a student aid program administered by the U.S. Department of Education. This would virtually include all accredited public, nonprofit and proprietary post-secondary institutions.

Does the student qualify? To be penalty-free, the expense must be for the IRA owner, spouse, children, or grandchildren. Siblings, nieces, nephews, or cousins do not qualify.

What are qualifying expenses? Qualifying expenses include tuition, fees, books, supplies, and equipment required by the school. Expenses for computers and related equipment used at the school are penalty-free even if not required by the school. Expenses that are paid for with tax-free educational assistance such as scholarships, Pell grants, Coverdell educational account distributions and veteran's educational assistance are not eligible for the 10% exception.

Does room and board qualify? Yes, if the student is considered half-time.

Will the IRS audit these withdrawals? Yes, they may. So, it is very important for you to retain good records and documentation of the expenses paid with IRA funds. The burden of proof is on you.

Is there any special tax reporting? Yes. Your IRA custodian will issue you a Form 1099-R reporting an early distribution, but the 1099-R will not reflect an exception to the 10% penalty. You will need to file Form 5329 to claim the exemption.

When making important decisions like this it is Always wise to seek competent legal, tax and financial advice.

Famous Quote of the Month: "An Investment in knowledge pays the best interest." ~ Benjamin Franklin

Recommended Reading for August:
2025 The Final Drive: What You Need to Win
By David Hays

How To Plant Your Garden

First, you come to the garden alone while the dew is still on the roses.

FOR THE GARDEN OF YOUR DAILY LIVING

PLANT THREE ROWS OF PEAS:



1. Peace of mind
2. Peace of heart
3. Peace of soul

PLANT FOUR ROWS OF SQUASH:



1. Squash gossip
2. Squash indifference
3. Squash grumbling
4. Squash selfishness

PLANT FOUR ROWS OF LETTUCE:



1. Lettuce be faithful
2. Lettuce be kind
3. Lettuce be patient
4. Lettuce really love one another

NO GARDEN IS WITHOUT TURNIPS:



1. Turnip for meetings
2. Turnip for service
3. Turnip to help one another

TO CONCLUDE OUR GARDEN WE MUST HAVE THYME:



1. Thyme for each other
2. Thyme for family
3. Thyme for friends

WATER FREELY WITH PATIENCE AND CULTIVATE WITH LOVE.

THERE IS MUCH FRUIT IN YOUR GARDEN BECAUSE YOU REAP WHAT YOU SOW.



CHARITABLE REMAINDER TRUSTS & THE SECURE ACT: Important Inheritance Law Changes

- Why the SECURE Act changed the way we handle estate planning
- Using CRTs to "stretch" retirement for beneficiaries
- Trading capital gains taxes for up-front tax breaks
- Charitable giving that actually increases the inheritance to the kids

**Hardin County
Public Library**
100 Jim Owen Drive
Elizabethtown, KY 42701

Thursday, August 26

6:00 PM



Wm. Steve Wright,
Managing Member
The Wright Legacy
Group, LLC,
A Registered
Investment Advisory
Firm

Cynthia T. Griffin, Esq.
Burnett & Griffin, PLLC
Creating Reassurance
with savvy Elder Law
Planning



Seating is limited, registration is required: 270-723-2225

The Wright Word Search

As you look for the hidden words, remember that they can be horizontal, vertical, diagonal, frontward or backward!

PUZZLE ENTRY DEADLINE:
Friday, August 27, 2021

Name: _____

Address: _____

Word List

AATGDRUES _____

BSTONDIRIUTI _____

RTDAWLSIAHW _____

EDCDIARECT _____

DOLTIUCAEN _____

HHLPCISOSARS _____

MENCOTPET _____

CUNTNAETIOMDO _____

ERPEENCIX _____

STASCNSIAE _____

Rearrange the letters in the word list to find the words needed to complete the word search
HINT: All words can be found on page one! Circle the unscrambled words in the WRIGHT Word Search. Send us your completed puzzle (via mail, fax or email) and be entered into a drawing for a \$25.00 Gift Card!

B	A	G	B	L	E	C	I	Y	M	E	R	B	O	Y	T	I	T	F	C
M	S	M	O	F	I	X	N	O	I	T	A	T	N	E	M	U	C	O	D
D	S	N	S	P	E	X	P	E	R	I	S	N	T	S	S	O	M	A	C
N	I	I	T	H	N	P	D	E	X	E	S	E	A	F	T	P	N	S	L
E	T	M	S	I	S	O	H	E	R	A	I	N	I	S	E	V	O	G	A
R	A	N	U	L	W	C	F	D	C	I	S	N	E	T	C	Y	I	T	S
E	N	E	S	L	S	I	H	I	N	C	E	T	E	E	N	I	S	T	S
E	R	P	E	A	R	N	T	O	R	E	A	N	U	R	A	E	I	R	S
N	N	N	L	N	O	O	D	H	L	U	T	E	C	A	T	X	A	S	T
T	E	F	M	O	C	N	F	E	D	A	W	B	A	E	S	P	O	N	T
I	E	A	E	I	A	F	N	A	T	R	R	O	T	L	I	E	R	E	E
T	P	T	E	T	E	D	R	R	N	I	A	S	I	P	S	R	P	M	T
A	E	I	N	A	E	G	A	R	L	E	D	W	H	K	S	I	E	N	K
C	D	S	A	C	O	M	E	E	T	E	M	E	A	I	A	A	M	S	P
I	A	S	C	U	I	P	N	R	T	N	D	U	R	L	P	T	T	T	L
L	C	A	I	D	X	F	E	I	G	A	O	O	C	C	S	S	I	A	A
B	E	I	R	E	J	D	O	R	L	I	E	I	R	O	C	O	C	O	S
U	W	I	E	N	O	I	T	U	B	I	R	T	S	I	D	A	A	Y	N
P	O	C	M	X	S	S	H	N	O	I	T	A	R	A	L	C	E	D	E
C	S	N	E	X	P	E	R	E	N	T	R	E	P	X	E	M	N	T	N

The Wright Legacy Group, LLC
PO BOX 6008
Elizabethtown, KY 42702
FAX: 270-982-1270
Email: Melanie@WrightLegacy.com

BONUS: For an extra chance to win an **ADDITIONAL \$25 Gift Card** count how many times the word **WRIGHT** is found in this **ENTIRE** publication and enter it **HERE> ____**. Good Luck!

CONGRATULATIONS to **ANN ELLIS** for winning the July 2021 WRIGHT WORD SEARCH, and to **SHEILA HACK** for getting the WRIGHT's count right (23)!