

BernardiService Custodial Accounts

Refining the Gifting for Future College Financing Needs

A recent study reveals that the average cost of a four year private college education currently costs over \$80,000! A child born during the current year can expect their college education to cost at least three times this amount. Through the development, implementation and constant monitoring of a SOUND saving strategy, parents and grandparents can help alleviate some of the future's "sticker shock" pain.

To insure that college investments are effectively managed and appropriately allocated, we suggest opening a custodial college account for each child you wish to assist. Our new monthly summary statement makes it easier than ever for you and your **BSI** representative to monitor these investments as the years go by. Call for a copy of this new statement and we will be pleased to mail or fax a sample copy at no obligation.

Tax-Free and Taxable fixed income investments are excellent vehicles for constructing a "laddered" portfolio to coincide with the child's college years. Your **BSI** representative will suggest "zero bonds" and deeply discounted secondary market bonds to meet the child's anticipated college costs **WHEN THEY ARE NEEDED!** Our chart on the opposite page can serve as an excellent tool for developing or refining college financing plans.

We suggest that you lump these college funds with retirement planning assets. Ask your **BSI** representative for complete information to establish separate custodial accounts for the purpose of making college fund gifts* to each child. Even if you have been making gifts to your child, we suggest you allow your **BSI** representative and our staff to review the investments you may have already made to meet the anticipated dollars needed for the college in the years ahead.

**You should consult your tax advisor before making any gifting decisions.
The following comments are made for general discussion purposes only.*

Two principal gifting rules which apply dire:

- 1. Lifetime exemption of \$600,000 per person that is applied against gifts or the assets in one's estate upon death.*
- 2. An annual exclusion of up to \$10,000 per donee on gifts to as many' people as you wish, free of tat Married.*

couples can give up to \$20,000 per year to as many individuals as they wish without incurring a tax. Amounts given under this annual exclusion do not apply against the \$600,000 lifetime exclusion.

Meeting the Cost of College Education

The College Board recently published a report which indicates the average annual cost of sending a student to a private university. Annual total expense (fees, tuition, room, etc.) for the 1995-1996 school year was estimated at \$20,121. The following chart indicates approximate cost of college in the years ahead. We assume a 7% rate of compounded inflation and we used January 1997 Tax-Free Zero Bond Prices.

We can help you structure or re-structure college financing plans through the use of Zero Tax-Free Municipal Bonds and Deeply Discounted Tax-Free Bonds. Over the years investments can be made into a Custodial Account and can be kept separated from other investment programs and goals you may have. A duplicate copy of only the child's account can be sent to any other interested party you may wish to keep informed. Let us develop a specific college investment idea for your child or grandchild. Ask about our new, easy to understand, BSI Monthly Statement. It is a great working tool to help you build a college fund. There is no obligation and we would be pleased to mail or fax a sample copy.

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Vice President