

CHILDREN & EDUCATION

A BIBLICAL PERSPECTIVE

In contrast to material possessions and certain skills, character and values cannot be given or purchased. As Tim Kimmel says, "You can't leave character in a trust account. You cannot write your values into the will. You cannot bank traits like courage, honesty, and compassion in a safe-deposit box. What we need is a plan—a long-term strategy to convey our convictions to the next generation." What do you desire to teach your children? Are your current spending decisions—from buying their clothes to funding their education—furthering your desires? As you provide for your children, consider giving them more than just money, possessions, and opportunities. Leave them with a legacy of character and wisdom that can be passed down from generation to generation.

"Good character ... is not given to us. We have to build it piece by piece—by thought, choice, courage, and determination."

John Luther

"Train a child in the way he should go, and when he is old he will not turn from it."

PROVERBS 22:6

TRAINING YOUR CHILDREN - CONTRASTING MINDSETS

WORLDLY MINDSET

BIBLICAL MINDSET

Inheritance

PROVERBS 28:19
ECCLESIASTES 2:18

Work

Mediocrity

PROVERBS 22:29

Excellence

Instant gratification

PHILIPPIANS 4: 11

Delayed gratification

Get rich quick

PROVERBS 13:11/28:20

Grow little by little

My generation

DEUTERONOMY 6:2

Transgenerational thinking

My ownership

PSALM 24: 1

God's ownership

Keep it all for myself

PROVERBS 22:9

Give graciously to others

Do it my way

PROVERBS 12:15

Seek wise counsel

TOOLS FOR EDUCATIONAL PLANNING

Education costs continue to rise and represent a significant investment. There are a number of alternatives for meeting education expenses. In addition to scholarships and loans, several planning opportunities exist to help fund post-secondary education.

Custodial Account

This is an arrangement whereby an adult transfers assets irrevocably to a minor. Rather than giving assets outright to a child, a custodian (usually a parent) uses them on behalf of the minor until he or she becomes an adult. This allows a shifting of assets that may offer some tax advantages, subject to certain IRS limitations.

Education IRA

Contributions may be made to an Education IRA for beneficiaries under 18 years old. Maximum contribution amounts and income limits do exist, but you also have the option of gifting money to a child who can then contribute for himself. Unlike traditional IRAs, where the contribution can be made until the filing of the tax return for the year, contributions to Education IRAs must be made by December 31.

Qualified Tuition Programs

Many states have established these programs to provide incentives to save for college through tax-deferred plans. Many of these plans are available to residents of any state and can be used at any college. The taxes on earnings are paid at the student's rate when the funds are used. The person establishing the account retains control over the funds, and if the funds' are not needed for the child's education, they are returned to the account owner, and the earnings become taxable income. Most plans invest the assets in diversified mutual funds.

Irrevocable Educational Trust

This type of trust is useful for those who want to remove assets from their estate, especially appreciated assets. The tax burden on income earned by the trust's assets is shifted to the trust or beneficiaries. At the termination of the trust, remaining assets not used to provide for educational costs are distributed to the beneficiaries as specified in the trust document.

Tax Law Provisions

Current tax code also provides certain tax credits and deductions that can effectively reduce the cost of higher education subject to income limits.

SCRIPTURAL INSIGHTS ON CHILDREN & EDUCATION

"He who works his land will have abundant food, but the one who chases fantasies will have his fill of poverty. A faithful man will be richly blessed, but one eager to get rich will not go unpunished." PROVERBS 28:19-20

"I hated all the things I had toiled for under the sun, because I must leave them to the one who comes after me."
ECCLESIASTES 2:18

"Do you see a man skilled in his work? He will serve before kings; he will not serve before obscure men."
PROVERBS 22:29

"I am not saying this because I am in need, for I have learned to be content whatever the circumstances."
PHILIPPIANS 4:11

"Dishonest money dwindles away, but he who gathers money little by little makes it grow."
PROVERBS 13:11

"...so that you, your children and their children after them may fear the Lord your God as long as you live by keeping all his decrees and commands that I give you, and so that you may enjoy long life."
DEUTERONOMY 6:2

"The earth is the Lord's, and everything in it, the world, and all who live in it."
PSALM 24:1

"A generous man will himself be blessed, for he shares his food with the poor."
PROVERBS 22:9

"The way of a fool seems right to him, but a wise man listens to advice."
PROVERBS 12:15

"These commandments that I give you today are to be upon your hearts. Impress them on your children. Talk about them when you sit at home and when you walk along the road, when you lie down and when you get up."
DEUTERONOMY 6:6-7