KEEN ON
RETIREMENT

Investing in Your Kids and Grandkids: 529's, Roth IRA's, or Outright Gifts?

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hey everybody. Welcome back to Keen on Retirement. I'm your cohost Steve Sanduski. We have Bill Keen and Matt Wilson in the house. Hey guys.

Bill Keen: Yes we do. Hey Steve. How are you doing today, sir?

Steve Sanduski: Fantastic. How about you, Matt?

Matt Wilson: Waiting for summer here in Kansas City. It's been kind of cool here lately.

Bill Keen: I'm trying to get out and ride my bike, you know? I've been getting on to that program lately with my cycle team that we have here and the weather hadn't been cooperating with me. I'm needing to go buy some more cold gear to get out there, they tell me.

Steve Sanduski: I'm hearing a rumor that you two guys are in training for something.

Bill Keen: Yes, we are.

Steve Sanduski: Are you ready to go public with that?

Bill Keen: You know, one thing I've found is that I'm a guy that likes accountability, Steve, as you know. I like to share my goals with others that are close and I would consider our podcast listeners close.

Steve Sanduski: Yep.

Bill Keen: So, yeah. I'll go public with it. About a month ago I committed to a group of folks that I am in a networking group with out on the West Coast that I would participate and complete the IRONMAN in Hawaii next year, Steve. But the half

IRONMAN, not the full IRONMAN but the half IRONMAN out in Kona, just a year away. So that's what we're doing, we're training for it. My wife, Carissa, has also agreed to do this as well and we roped Matt in as well. But you know Matt's old school at this. He's raced 100 mile foot races before, so he probably could go do it right now, you know?

Steve Sanduski: Wow. That a big goal. Congratulations guys.

Matt Wilson: Yeah, it's fun. I've enjoyed mixing in biking and swimming versus just running all the time, but one thing I've noticed, though, is you need a pool and you also need a bike to do those other things. Running you can just put on your shoes and go outside.

Bill Keen: That's right.

Matt Wilson: You gotta plan ahead a little bit as Bill mentioned. And the weather has to be conducive for a lot of that.

Bill Keen: I've already been fighting with people in the swimming lanes up at the YMCA here just this week trying to get access there. But Steve, I actually hired a coach. I think you'd be interested to know that. Carissa and I hired a triathlon coach and we are accountable to him and he lays out our workouts each day and he's being easy on us up front. It's just been three weeks or so but it's, we're swimming, biking, and running and we're starting slow but we've already worked up to quite a little effort. I'll keep you posted on here and I got a feeling, Matt, that somewhere about a month or two from now we're going to get Mr. Sanduski's commitment to join us.

Matt Wilson: I've already been asking him, yeah. He tells us he has plans already. I don't know if I believe that.

Bill Keen: Yeah, he doesn't run his calendar that far out.

Steve Sanduski: I do, yeah. I actually have plans for a little trip to Africa next year to climb a little mountain down there.

Matt Wilson: Oh, okay. Which one are you going to climb?

Steve Sanduski: Well, it starts with a K.

Matt Wilson: Okay. Kilimanjaro, I presume?

Steve Sanduski: It would be Kilimanjaro.

Matt Wilson: Wow.

Bill Keen: My goodness.

Matt Wilson: You do have to do a little forward planning with that, I'm sure.

Bill Keen: He has to one up us, man.

Steve Sanduski: Well, but before then it's Mt. Shasta in Northern California so that happens here another week and a half so that's what I've been training for.

Matt Wilson: It's fun having that on the calendar, isn't it? Something to work for and train for?.

Steve Sanduski: Yes. Yep. And this morning I was up bright and early, crack of dawn. It was fog, mid 40s, raining, and strapped on the 45-pound backpack and went up and down 200 stairs on the bluff here on Lake Michigan so getting prepared.

Matt Wilson: Wow.

Bill Keen: Wow. Very nice. You know it ties into what we talk about around here, and that's thriving in retirement before and throughout. You gotta stay moving. We see a lot of people in the firm that are retired and that have time and margin in their days and the ones that are staying active, getting out, and spending time either outside walking or in the gyms, the local clubs, man they're just doing better, aren't they Matt?

Matt Wilson: They are. Invariably everyone that comes in, pre-retirement we have a lot of meetings and a lot of planning ahead of time and then once we see them, call it six months to 12 months after they retire, so many of them look years younger and it's because they have time to focus on their health and they are doing it. In addition to that a lot of times the stress that they had before is now been taken away from them. We did a blog post on that. That stress is maybe a silent killer out there as well.

Bill Keen: Yeah, for sure. We talk about doing triathlons and running long distance races and climbing Kilimanjaro and all that, and that's wonderful, but the reality is it doesn't take that. It's just reasonable movement is what I'm seeing is making sense for folks.

Well, heck, we could do a whole episode on just that, Steve. We better get to our topic here.

Steve Sanduski: I know, yeah. Today we want to talk about kids and grandkids and what are some ways that you can save money for your kids and grandkids? When does it make sense? What type of investment vehicles should we be looking at? What are some tax-efficient ways to save for the kids and grandkids?

But of course before we get to that, guys, I've got a few little trivia questions for you.

Matt Wilson: Uh-oh.

Bill Keen: Okay. All right. Are they in line with our topic today, Steve, or are these ...?

Steve Sanduski: They are, yeah. This is grandparent trivia.

Bill Keen: Okay. All right. Now I'm not a grandparent yet. You're not either are you, Steve?

Steve Sanduski: I am not a grandparent yet. Nope. Matt, I don't think you are either.

Bill Keen: I'm pretty sure Matt's not.

Matt Wilson: No. I am not.

Steve Sanduski: Okay.

Bill Keen: All right. Well, we might not know this information, then, but go ahead.

Steve Sanduski: But we work with grandparents.

Bill Keen: Yes, we do.

Matt Wilson: That is correct.

Steve Sanduski: Okay. Here's the first question: what (and this comes from an article in the Wall Street Journal), what percent of grandparents said that they spent more than $1,000 on their grandchildren in the past 12 months?

Matt Wilson: What percent? Gosh. I'm going to say it's north of 60.

Male: No.

Bill Keen: Oh, okay. I don't have a higher or lower. Is this like Price is Right, if I go over ... Should I just bid 61% and-

Matt Wilson: Under. Under and you're good?

Steve Sanduski: I'll just tell you this, Matt was way off.

Bill Keen: I think it's probably about 80% is what I was thinking.

Steve Sanduski: Well, Bill, you're even farther off.

Bill Keen: Oh, okay.

Matt Wilson: Wrong direction!

Steve Sanduski: It was the wrong direction. 25%. 25% of surveyed grandparents said they spent more than a thousand bucks on their grandkids in the past 12 months, so maybe not a huge number.

Bill Keen: Okay.

Steve Sanduski: Okay, here's another interesting one: what percent of grandparents said they speak with their grandchildren at least once a week?

Matt Wilson: Once a week. Well, since I was high on the last one I'm going to go with 40%.

Bill Keen: Yeah, I'd like to say 50%.

Steve Sanduski: Pretty close. 58%.

Matt Wilson: Okay.

Bill Keen: Okay. That's good. That's heartwarming, at least, to know that they're staying in touch.

Steve Sanduski: I know. That seems high. I'm encouraged by that number.

Bill Keen: Of course, we don't know who the interview pool was, what the demographic was, but good.

Steve Sanduski: Yeah. Okay, how about this one? What is the median age of grandfathers and grandmothers in 2015? So half above, half below. The median age of grandparents.

Bill Keen: I'm going to say 55.

Matt Wilson: Yeah. 58% is what popped in my head.

Steve Sanduski: 64.

Matt Wilson: Ooh. Okay.

Bill Keen: Okay.

Steve Sanduski: Here's another interesting one: what percent of grandparents live within 50 miles of their closest grandchild? Live within 50 miles of their closest grandchild.

Bill Keen: I'm going to say up in the 80s on that one.

Matt Wilson: Yeah, I was thinking 75.

Steve Sanduski: It's actually 69%.

Matt Wilson: Okay.

Bill Keen: All right. We're getting the trends right.

Steve Sanduski: Yeah. Yeah.

Matt Wilson: Mm-hmm (affirmative).

Steve Sanduski: All right. Well, hey, that's our little trivia for today so that will set the stage here as we talk about getting money to kids and grandkids. Bill, why don't you just start? Set the stage for us here. I think this is a question that you get a lot at the firm.

Bill Keen: The reason we host this podcast, we've shared this many times in the past, is to share what we're seeing in the firm each day and each week as we navigate the real waters, kind of behind the curtain if you will. One of the things that comes up again and again with folks is how do we, in the most tax-efficient way and the most common-sense way as well, get resources and assets and support to our kids, grandkids, nieces, nephews, those types of situations and how do we do it in a way that possibly avoids gift tax? I say "tax-efficient," tax-efficient to the one making the gift and then also tax-efficient to the one receiving the gift. Then how do we do it in a way that possibly doesn’t affect their ability to qualify for financial aid down the road when it comes to applying to colleges?

There's many things. There's helping someone get out of debt, there's helping someone with college, first homes, even helping kids think about retirement so we wanted to devote an entire episode to that today, Steve, and we'll angle over to this other additional piece if we have time but it's really about what are the boundaries about what's reasonable in supporting kids and how long do you continue to support the kids as they navigate on?

There's this whole issue out there now called the failure to launch, Steve. There was even a movie about it. Did you see it?

Steve Sanduski: I have not seen the movie but I've heard about it.

Bill Keen: We know things are more expensive today. College is more expensive than ever. We're not sure exactly what's going on with the demographic or why but a lot of kids are staying living at home or parents are supporting kids and there's a fine line there between knowing when it's helping the kids and when it's actually hurting the kids and grandkids, so if we have time we can get into that as well. I'll share a little bit about my thinking and what I've done, good, bad, or indifferent. Full disclosure here, too, and maybe you can as well, Steve. Matt's kids are six and eight so I think he's fully supporting them at this time. I don't know, we should put Tyler to work over here.

Matt Wilson: I like this episode. I'll send it to my parents about how they can support their grandkids in some of these endeavors.

Bill Keen: Oh, okay. Yeah. For sure.

Steve Sanduski: All right, well let's start talking about some of the different types of vehicles that are available. Let's assume that you've made the decision that you want to get some money to kids or grandkids and let's look at some of the different ways to do that.

Let's start with 529 plans. What are those?

Matt Wilson: That's a great place to start, Steve, and that's exactly what we ask clients when they say, "We want to help support or maybe gift some money." We ask, "What's the purpose of the funds? 'Cause that will lead to some of these decisions." A 529 is a specific vehicle that helps pay for a college education. That's been very popular because there are some nice tax benefits from a 529 and primarily what the tax benefit is a vehicle for tax regrowth provided that the money is used for a college education.

The drawbacks to that is if it's not used for that there's some significant taxes and penalties that are associated with it but considering that college is, it's more and more popular, but it's also becoming more and more expensive. I saw a stat just recently, there's 1.3 trillion dollars in student loan debt across the country. The average student, I don't know if you've seen any of these numbers, Steve, but do you know what the average student, 2016, graduated with student loan debt?

Steve Sanduski: $60,000.

Matt Wilson: Yeah. I was thinking somewhere like you were but it's $37,000 is the average that a graduate in 2016 came out with student debt. A 529 plan is a great way for someone to specifically save for college. The sooner you start, the better, as with most endeavors you get the power of the compound interest earlier on and you can get going with those but the drawback is you lose a lot of flexibility with it. It is really only for college expenses, so we do caution against getting too much inside those because if you have a child that doesn't go to college, well that money is kind of tied up for that purpose. You can change beneficiaries so maybe you said I'm going to just fund my grandchildren's college you can then adjust the beneficiary so you can kind of get around it a little bit but, still, you do have to use it for college expenses.

So if you wanted to help someone with a down payment on a house or other places you're kind of tied up there.

Steve Sanduski: Let me ask you a specific question. When you say "college-"

Matt Wilson: Mm-hmm (affirmative).

Steve Sanduski: ... is it just any type of education or does it have to be a specific four-year college, a two-year college, could it be a technical trade school kind of thing?

Matt Wilson: Mm-hmm (affirmative). It can't be a trade school. It's gotta be post-secondary education so it is limited to that aspect. Two-year, four-year, but you do have to use it for college expenses, but not a trade school. That is one thing that is prohibited from it.

Steve Sanduski: Okay. Does it cover room and board or just the tuition?

Matt Wilson: It does cover room and board and tuition. One thing it doesn't cover is furnishings so you can't put the money in there and go furnish your dorm room with a giant flat screen TV or all the new Xbox or whatnot, so it is specific to that. There's a tax form that's issued but it's up to you to keep the receipts, so if the IRS does come question you after the fact you have to then prove what those expenses were for. You don't submit your receipts to the 529 plan and say, "Hey, here's what I spent the money on. Here's the bill or the invoice from the school." You just request a distribution and they will pay you directly or they'll pay the school directly with the student's identification number and cover it that way.

So that is one thing that we do recommend people do is have very good records when it comes to what these college expenses are, 'cause if they do get asked about it they do have to prove it.

Steve Sanduski: How about covering the Netflix and Hulu subscriptions?

Matt Wilson: Yeah, those aren't covered either, Steve. Of course nowadays those might be a requirement by the syllabus.

Steve Sanduski: Pretty much.

Matt Wilson: If it is in the syllabus that is an expense that is covered.

Steve Sanduski: Sounds good. All right.

Bill Keen: Well, Matt, talk about the $14,000 issue and the gift tax issue and being able to avoid that as well for the 529. I think that's important.

Matt Wilson: We get questions about this gift tax a lot, too, because a client might say, "Hey, I want to ..." maybe they have an adult child that they want to just give some money to so it's not 529 related and there's a lot of confusion around the gift tax that you just mentioned. Each year, and 2017, it's been the same since 2014 by the way, you can give $14,000 to a child and it could be you and your spouse can each give $14,000 so $28,000 total. So you can gift a sizeable amount of money any given year and avoid this gift tax that Bill just mentioned.

Anything over $14,000 is required by the IRS to then be filed as part of your tax return as a gift. It's not taxed so it's not taxed to the recipient and it's not taxed to you, it just applies towards your annual exclusion amount, or, I'm sorry, to your lifetime exclusion amount, which in 2017 is 5.49 million dollars per person, so about 11 million dollars per couple. So this $14,000 a year is a very common gift amount because it just essentially flies in under the radar and gets underneath all of the reporting requirements that the IRS has.

Steve Sanduski: I'd take $14,000 a year.

Matt Wilson: You know, I think that is a good reminder for all the parents and grandparents out there. They could be gifting 14,000 if they choose.

Bill Keen: That's right.

Matt Wilson: How this specifically applies to 529 accounts is if you were to fund a 529 account in an amount of $14,000 or less then you don't have to worry about filing it as part of your tax return. If you fund it higher than that, which is allowed, there's ways around it. There's some estate planning aspects to it, so if you fund a 529 you've essentially given that money to someone else, so for estate tax purposes or estate planning purposes it's out of your estate. One of the strategies around that is gifting $70,000 to a grandchild and then you're able to average that gift over five years, which the way the math works on that is that's $14,000 a year. So there's ways for grandparents to fund, especially a new grandchild, with a nice lump sum of money up front and still essentially fly under those annual exclusion amounts of $14,000.

Steve Sanduski: Okay, so we've got these 529 plans so there's a lot of tax advantages there to getting money to kids but it's gotta be earmarked for college education. Now how about UTMA and UGMA accounts, what are those?

Bill Keen: When I got into business, Steve, back in 1992, these accounts were pretty popular back then. UGMA stands for Uniform Gifts to Minors Act and the UTMA stands for Uniform Transfer to Minors Act. It was a way for parents and grandparents to give money, title it in the name of the child, and be able to hopefully take advantage of some of the lower tax brackets that the kids might have available to them. We get questions a lot about the Kiddie Tax in here and what qualifies for the lower tax bracket and what rolls through to the parents' tax bracket and it's probably more than we want to talk about today, but that was a pretty popular method for putting money over in kids' names.

Here's the problem with that: Matt talked about the money remaining in the control of the person who puts it into the 529 and that they could change the beneficiary on the 529s. In fact, you could even change the beneficiary to yourself on a 529 account so if you wanted to go back to school you could. But in the case of the UTMAs and the UGMAs, when that child becomes what we call age of majority, when they become an adult and that ranges anywhere between 18 and 21, now that's legally, Steve, that's not emotionally or mentally. That's a whole other story.

Steve Sanduski: That's that failure to launch thing you were talking about.

Matt Wilson: That's right.

Bill Keen: That goes along with it. My wife just told me that she did some research recently and it's 27 years old when our brains fully form, so again that could be a whole other episode.

Steve Sanduski: I think I'm raising the average on that one.

Bill Keen: Are you? Okay. Personally or with the kids?

Steve Sanduski: Me, personally.

Bill Keen: Oh, okay. Me too. Me too. But here's the problem: the kids would then get the asset in their name, given to them irrevocably and it's their money to do with what they want. Most people prefer to have a little bit more control than the UGMAs and UTMAs allow in that fashion.

Back in the '90s their kids would have these accounts and they would have become age of majority and the parents just wouldn't tell them that it was there. Probably back mid '90s to late '90s, the brokerage firms got real, real specific about if you have a child and they have a UGMA or UTMA account and they are over the age of majority there's no keeping it from them. It's you track them down and you tell them you have this money, this is your money, and it's getting retitled in your name, period, and you don't have to talk to the parents about it. In fact, we can't talk to the parents about it because it's your money now so it wasn't just this kind of passive thing. It was very aggressively going out letting kids know they had money available to them and it's their money and it's none of their parents' business anymore.

Steve Sanduski: These are probably not super popular these days?

Bill Keen: They're really not. With the other tools out there, especially this 529, they're just not as popular at least in our firm here, are they Matt?

Matt Wilson: That's right. We don't have any, currently, UTMA or UGMA accounts here at the firm.

Steve Sanduski: All right. Let's talk about Roth IRAs. How are they a vehicle that we can use here to save some money for kids or grandkids?

Matt Wilson: What's interesting about a Roth is you can actually use that for college expenses, too, so that's been a bit of a debate in some of the financial planning circles is what's better, a Roth IRA or a 529 for college planning? Because a Roth, what you can do is you can fund a Roth for yourself as the parent or as a grandparent, assuming you have earned income or if you want to convert an IRA you can make that Roth open up and put funds in there. You can then use that for qualified higher education expenses and avoid the 10% penalty.

So there's a 10% penalty on any withdrawals on a Roth IRA that aren't qualified withdrawals, which means you have to have had the Roth open for at least five years and you must be at least age 59 1/2. For qualified higher education expenses you avoid that but you still pay the income tax on any of the growth so the 529 still has a little bit of an advantage for that. Here's the kicker: if you didn't have to use all that money for the college expenses you now keep the money in your name in your Roth IRA, which then can be used for your retirement later. So you're able to almost kill two birds with one stone with a Roth IRA.

In addition to that, if you want to fund Roth IRAs for your child you can also do that as well. The limits are less, so a 529, it depends on the state that you choose but you can put a pretty large sum of money in there. They have limits, I've seen anywhere from 235 thousand to 475 thousand in limits into a 529. A Roth IRA is $5,500 each year.

Bill Keen: Unless you convert.

Matt Wilson: Unless you convert, that's right, which there's tax consequences around that so any just regular contribution is 5,500. If you're over 50 they allow you a little bump there to get it up to 6,500, but you can fund those for your children assuming they have earned income. It would gift, it's under the $14,000 limit so of course you don't have to report it but it is a nice little tool to maybe boost some of your children's retirement savings.

Bill Keen: We've talked about this on prior episodes and I'll mention it again: I love this Roth IRA concept and, for me, I tried to incent my kids as they grew up and they've had earned income throughout college, in the years they had that income my deal with them was I would match whatever they made into a Roth IRA for them, and that will be a huge deal for them long term.

For me anything that grows tax free and that we can get invested over in stock-like investments for somebody that has a 40-year time horizon I know what the power of compounding does and the wealth that can be built there, so I've let both my daughters know to date that that particular money is meant for long term so that that could be a very good retirement start for them.

The reality is the Roth IRAs are after tax. Matt didn't mention this piece but they're after tax money so they can actually get to the portion of the IRAs that is the contribution or the principal. Let's say I put in $10,000 over time and that's after tax money and then the accounts grow to $30,000. At any time you can get the 10,000 you put in back because it's after tax money, it's unencumbered. There's no penalty, there's not tax or anything on that. So, in my mind, I know that money's there for them if it comes time to buy a house or some other expenditure that money is actually accessible for them.

But hey, Matt, I didn't know if I told you this or Steve but my daughter that just graduated, or that's going to be graduating from Central Florida here in December, she called me up the other day and wanted to invest money with me. Can you believe that? On her own. She had saved some money.

Matt Wilson: Nice!

Steve Sanduski: Yeah, you raised her right, Bill.

Bill Keen: How about that?

Matt Wilson: All right.

Steve Sanduski: That's awesome.

Bill Keen: I know it.

Steve Sanduski: So hey, with this Roth account you said you set these up for your kids. Are they in a joint name? Is it in your name and they're the beneficiary? How does that work? Could they just take that money right now and go run off with it without your permission?

Bill Keen: Yeah, this is a great question because the way I've done it is both of my daughters have accounts and I decided to wait 'til they were 18 to start this so they could open accounts in their own names. So I've got a little trust factor going on here plus their accounts are held here at Keen Wealth so if I heard they were liquidating I would probably be notified.

But my son, just to give you an idea, he's in fact the one graduating this year, just graduated, going off to engineering school down in Raleigh here come the fall. He's been saving money as well but since he wasn't 18 I didn't fund a Roth for him yet. What I did was I held a side account in my name and yes, it's taxed to me, but I had it set aside and he and I had a deal that he knew that was money he had set aside for him. So in short order here he's going to be setting up some accounts in his own name 'cause he's 18 now and we'll start him on the same trajectory that we started the daughters.

So that kind of gives you a little bit of an idea about my personal situation but I've kept it pretty simple that way and I've chosen not to use 529s over the years. Of course, I basically have paid for college as we've gone, so that's just been my journey.

Steve Sanduski: Okay. How about just straight joint accounts? So we're not talking UTMAs or UGMAs or Roths or 529s, you just set up a joint account with a child or a grandchild. Can you do that and what are the pros and cons of doing that?

Matt Wilson: Mm-hmm (affirmative). You can do that. We don't recommend that you list them as a owner on the account. If you want to just kind of earmark the money for some sort of purpose in the future, and the reason is because as a joint owner you now have some liability if there were some issue or a creditor or some legal action that happened that asset that's in a joint name with them would be subject to that issue.

So what we generally do is we'll have an account, we keep it in the client's name, so whether that's a trust account or a joint account however it's titled, and then within some sort of memo line or some identification just let them know it's earmarked for grandchild A or grandchild B so they know, in their mind, these funds are set aside for that purpose and they can see it and track it and actually even show it to them, like, "Look, hey, this is money we've set aside for you. We're in control over it so you're going to have to convince us of what the expense is and have us release the money to you, but it is kind of set aside for that purpose."

We've seen this a lot just here in the last couple of weeks just with graduation, high school graduation and college graduations where grandparents want to give grandchildren some money for that.

Bill Keen: That's right, and that's a very simple way to do it, Steve, and it keeps the complexity out of it. It's not a big estate planning tool. You're, in essence, keeping the money in your own name. You're retaining total control over it. You're just earmarking it and identifying that as money you've set aside for that potential need. If you're talking smaller amounts, call it under three or four or five thousand dollars, you just wanted to set money aside and not complicate things, that's a really simple way to be able to do that and not lose control.

Steve Sanduski: Okay. It sounds like there are a number of different options here in terms of ways that you can get money to kids or grandkids, whether it's just like outright gifts that you want to give them or whether you want to help them save some money for college, there's vehicles to do that. So sounds like the tax code gives us a variety of different options here.

Matt Wilson: There's a lot of options, a lot of things to think about. We always start with, "What's the purpose? What's the goal?" and, "How much control do you want to have versus how much you want to give up?" Because a lot of these funding structures are all about control.

Steve Sanduski: Mm-hmm (affirmative). Well, there's a second part to this conversation that we can have and I'm thinking maybe we will do a separate episode on that. Maybe turn this into, like, a two-parter and that is, what we've talked about here today is what are the different ways that we can get money to kids? And then I think the other side of that idea is how can we make sure that they're responsible with the money that we're giving to them?

I think there's a lot that we could talk about in that area and I think that would make another good episode.

Bill Keen: I do too, Steve. I call it having the skin in the game for the kids and helping them to really learn to live in the world on their own, 'cause the last thing we want for our kids is for them not to be able to go out, stake their claim, and make it on their own like we had to do. That, too, is a fine line and so I look forward to talking about that and sharing what we've done, personally, and what others we see in our firm have done around those issues as well and kind of banding together on this. Because it can be really difficult deciding when makes sense to help kids and grandkids and when you have to, in their best interest although they don't like it at the time, have them take more responsibility in their own situation and be productive themselves.

So I'm looking forward to that episode, too. It'll be interesting and possibly controversial in some cases but we'll just share our experience.

Matt Wilson: Those aren't always easy conversations to have but I remember when I graduated high school, I have a younger brother and a younger sister, and so my parents had a graduation party for me and my dad, as we greeted the guests that came over, he let everyone know that he's got one off the payroll so I guess that was the indication that I'm on my own at that point. Course I'm thinking, "Payroll? What payroll was I on? Where was the benefits, the 401(k)?" But that fell on deaf ears. No one was feeling too sorry for me.

Bill Keen: He'll give you a tracking of everything over the years, you know?

Matt Wilson: Yeah.

Steve Sanduski: We use that same terminology here in terms of getting off the payroll. We have three daughters and all of them are in their 20s. Our oldest got married last fall and the last thing that we were paying for her was the cell phone bill, so she was on the family cell phone plan so we said, "Well, as soon as you're married that's your cue that you need to get your own plan." So she got off the cell phone plan. I think we saved maybe 50, 60 bucks a month.

Bill Keen: Oh, very nice. Very nice. You're mean, Steve.

Steve Sanduski: I know. I know. But hey, we don't want to have any failure to launch here, Bill.

Matt Wilson: That's right.

Bill Keen: Right now I've got seven lines on my mobile phone deal including my mother and all the kids and wife and so before we got unlimited data I'd have this huge meltdown when I would get the group text that would say, "You just exceeded all your data and every minute is 15 bucks," or something like that. So I'd be texting everybody. My mother, then, would think, who used no data whatsoever, she would text back and say, "Do I need to stop making phone calls and turn off my phone now?"

Steve Sanduski: It's too funny that you said that, Bill, 'cause we had the exact same situation where we'd get those things and I'd get a text from one of my kids in particular who would say, "I've turned my phone off! I've turned my phone off for the last two days. I can't use any text." But yeah, it's good we've got the unlimited data plan so don't have to worry about that.

Well hey, guys, another great episode. Appreciate it and I look forward to the next show where we're going to talk about how to help your kids and grandkids think and act responsibly with money.

Bill Keen: All right, Steve. That sounds like a tall order but we're going to do it. Thank you for your help again today and we'll talk to you soon.

Steve Sanduski: All right. Take care, guys.

Matt Wilson: Thank you.

Bill Keen: All right.

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