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FINANCIAL GIFT IDEAS FOR GRADUATES



Instead of gifting the hottest tech gadget that might make you everyone's favorite parent, grandparent, or family friend, consider these financial gift ideas for the graduate in your life.



#1: Individual Retirement Accounts (Roth IRAs)

Give the gift of future financial stability with an IRA.

This is an ideal gift for a high school or college graduate who has a part-time job because, to open and contribute to a Roth IRA, there are specific rules. These include...

1. The individual must be working and bring home earned income.
2. You can contribute the amount of their earned income, up to the \$6,000 contribution limit.
3. The money grows tax-free and withdrawals after age 59 1/2 are penalty free.

Opening up a Roth IRA that friends and family can contribute to may get an eye-roll from your teen family member, but more than likely, they will thank you 40-plus years from now. Before opening a Roth IRA for a graduate, make sure they don't already have one set up. If they don't, we recommend seeking third-party advice beforehand.

#2: Savings Bonds

While they don't offer huge returns, savings bonds do appreciate over time and are a great financial gift idea for younger graduates.

Savings bonds are exempt from state income tax and, if used to pay for college, can be exempt from federal income taxes.

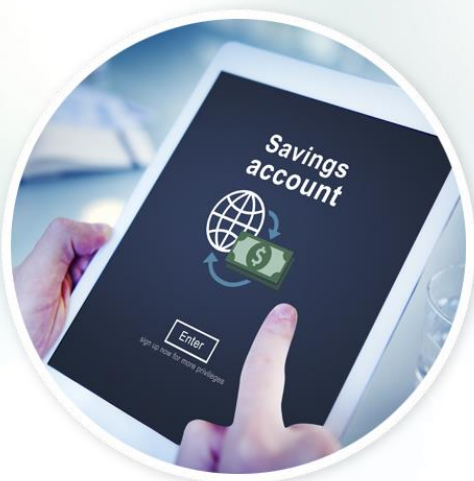
Series EE or Series I bonds are available for purchase. While both accrue interest monthly and compound interest semiannually, the only difference is the interest rates. You can purchase and print a gift certificate online from the US Department of Treasury.



#3: Savings Accounts

Opening a savings account is a great financial gift idea for a middle school graduate because it helps teach them the value of saving early and often.

Make sure you find a high-yield savings account that has no fees and is free. More than likely, if you're gifting to a younger graduate, you will have to sign as a co-owner of the account until the child is old enough to take ownership.



#4: Stocks

Gifting stocks can be risky because there is no guarantee the company will be around long enough to see monetary gain.

But it provides you an opportunity to teach your recent grad the value of investing and how to manage their investments. There are online brokerage firms that allow for gifting stocks, or you can transfer stocks you already own.



#5: Cash

Cash is a welcomed financial gift for graduates if it's given for a specific purpose--otherwise, they might spend it on clothes, technology, or blow it with their friends.

If you gift cash, make sure it's designated to help pay for a car, move to a new city, buy sports equipment, or pay for college expenses, etc. For college grads, gift cash to help them pay down on their student loans, to set up an emergency fund, or fund their IRA.

Another thing you can do if you gift cash is to use it as a teaching moment, especially for middle school or high school grads. Challenge them to take the cash gift and turn it into more money, and then report back the results.

#6: Saving for College

If you have a middle school graduate, why not give the gift of future education and set up a 529 plan?

A 529 plan is a tax-advantaged investment that's used to save for college, graduate school, and most recently K-12 tuition. Once you open a 529, you contribute money after you've paid taxes on it, and then it grows tax-free.

As long as you use the money for qualified education expenses, you won't have to pay additional taxes on the money saved.



There are two types of 529 plans:

- **529 Savings Plans:** These state-sponsored investment plans work a lot like 401(k)s and IRAs. These are state-sponsored, and your contributions are invested in investment products or mutual funds. The person who sets up the account is the owner and your child, niece, nephew, or grandchild is the beneficiary. The state works with an asset management company, and you as the owner deal with the company, not the state.
- **529 Prepaid Tuition Plans:** These plans are managed by higher education institutions and states. They allow you to lock in today's tuition rate and pay for college tuition at any of the state's eligible schools. If the student decides to attend a private college or school out of state, an equal amount of money is distributed.

529 plans are typically state-sponsored and differ in requirements and benefits, so it's important to speak with a third-party expert about your options.

About 401(k) Maneuver

401(K) Maneuver manages your 401(k) for you by reviewing your account quarterly based on your risk tolerance, current economic and market conditions, and the menu of investment choices made available by your employer plan. Then, we rebalance as necessary.

Whether you want more money for retirement or you don't want to lose what you have, 401(k) Maneuver exists to help you with the goals to...



- **Improve account performance** over time so you have more money for retirement.
- **Manage downside risk** to minimize losses during bad markets, to avoid losses like 2008.
- **Decrease fees** that strike a blow to your account performance, so you may keep more of your hard-earned money.
- **Avoid target date funds** that may not be the best strategy to achieve your goals.

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