2023 · WHAT ISSUES DO I NEED TO CONSIDER AS MY CHILD BECOMES INDEPENDENT?



GENERAL ISSUES	YES	NO	GENERAL ISSUES (CONTINUED)	YES
In case of an emergency, do you wish to have access to your child's important records (e.g., health, academic, financial, etc.) after they turn 18? If so, consider having your child sign a Health Insurance Portability and Accountability Act (HIPAA) and Family Educational Rights and Privacy Act (FERPA) waiver form. Be mindful that your child's health records may also be protected under FERPA if they visit their college health clinic. A durable medical and financial power of attorney for your child may also be considered.			Do you need to revisit your financial goals in light of your children leaving the house? If so, consider the extent to which your goals may have changed (e.g., retirement, travel, supporting family, etc.). Determine whether you are still on track for your goals and if any adjustments to your plan are needed.	YES
Is your child attending a college (or moving) out of state? If so, consider reviewing any in-state vs. out-of-state residence requirements, and determine whether you have the appropriate documentation (e.g., driver's license, insurance policies, important forms, etc.) in place for both your state and your child's state of residence.			Are you planning to help your children with a large upcoming expense (e.g., wedding, vehicle, down payment on a house, etc.)? If so, consider the extent to which doing so will affect your own finances and goals. Remember to report any gifts in excess of the annual gift tax exclusion (\$17,000).	
 Is your child still able to be on your health insurance (i.e., they are under 26)? If so, consider whether it is appropriate for your child to stay on your health insurance plan, both from a cost and coverage standpoint. Be mindful of how your own plan costs might change (if at all), and determine whether you want your child to contribute toward their share of the premium. Is your health insurance HSA-eligible, and does your child plan 			Do you anticipate your children will request additional monetary support from you, even after they are independent? If so, consider whether making a family loan to your children (as opposed to a gift) could be appropriate for your situation. Family loans can be flexible and mutually beneficial, but be mindful to keep the interest rate in line with the appropriate Applicable Federal Rates (AFR) to avoid any taxable imputed interest penalties (unless total loans are under \$10,000).	
 to stay on it? If so, determine whether your child can still be claimed as a dependent. If they cannot, they may be able to open and fund their own HSA up to the family contribution limit (\$7,750 for 2023), but entirely separate from your own family contribution limit. Do you need to review your budget and expenses once your children leave the house? If so, consider the extent to which your 			 Do you (and/or your spouse) own a business? If so, consider whether hiring your children could be beneficial to your situation. The first \$13,850 (maximum standard deduction for dependents in 2023) your child earns is federally tax-free and potentially payroll tax-free (if under 18). You may be able to save on taxes by "shifting income" to your child. And with "earned income," your child may also be able to kick start their Roth IRA savings early. 	
 budget and expenses might change (increase or decrease) depending on the level of continued support you may (or may not) wish to give your children. Are you thinking of moving or downsizing your home after your children leave the house? If so, consider the extent to which downsizing and/or moving could be beneficial to your situation (e.g., elimination or reduction of mortgage, decreased living expenses, better location, etc.). (continue on next column) 			 Does your child have any taxable investment accounts (e.g., brokerage, UTMA, UGMA, etc.) or interest-bearing accounts? If so, consider the extent to which you may be subject to kiddie tax. Be mindful of portfolio income outside of your control (e.g., dividend payments, capital gains distributions, turnover, interest, etc.), and determine whether you should reposition assets (or withhold from selling assets) to help mitigate kiddie taxes. (continue on next page) 	

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	YES	NO
 Do you need to review whether you should claim your child as a dependent on your tax return? If so, consider the following: Be mindful of the phaseout ranges and non-refundable nature of education tax credits (American Opportunity Tax Credit and Lifetime Learning Credit) with regard to your income level. If your 		
 income is too low, it may be appropriate to recognize additional income in order to capture the non-refundable portion of the credit. If your income is too high, it may be appropriate to not claim your child as a dependent and have them claim the credit instead (if applicable). If your child is 24 or older, and you are still providing at least 50% 		
If your child is 24 of older, and you are still providing at least 50% of their support (i.e., they are attending graduate school, etc.), you may be able to claim the "other dependents" tax credit. If your child is attending graduate school, claiming them may entitle you to the Lifetime Learning Tax Credit.		
> Do you need to review how your taxes might change once your child becomes independent? If so, consider whether the loss of any credits or deductions (e.g., child tax credit, other dependents tax credit, education credits, etc.) might increase your overall tax liability moving forward, and remember to increase your tax withholdings or estimated payments (if appropriate).		
 RISK MANAGEMENT ISSUES Will your child move to (or do they already attend) a college away from home? If so, consider purchasing renters or dorm insurance to ensure your child is appropriately covered while away 	YES	NO
from home. Be mindful of the extent to which your child is already covered under your homeowners insurance policy.		
Are you concerned that your child is (or will be) fiscally irresponsible? If so, consider supporting them by paying for		

be mindful of?

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