

# Comparison of College-Funding Options Unique to Business Owners





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|  | Gift company stock to child | Gift partnership or S-corporation interest to child | Putting child on the company payroll                                 | Entering into gift leaseback with child |
|--|-----------------------------|---|--|---|
| Does gift tax apply?                                     | Yes                         | Yes   | No   | Yes                                     |
| Does kiddie tax apply?                                   | Yes                         | Yes   | No (kiddie tax applies to investment income only, not earned income) | Yes                                     |
| Can strategy reduce child's federal financial aid award? | Yes                         | Yes   | Yes  | Yes                                     |
| Is strategy simple to implement?                         | Yes                         | No  | Yes  | No, especially if trust is used         |

## IMPORTANT DISCLOSURES

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