

Cash Gifts to Children

While the notion of leaving a cash gift to a beloved child is admirable, it must be handled correctly to avoid unintended difficulties.

If a cash gift is left outright in a Will to a child who has not reached the age of majority, the funds may have to be paid into court, to be administered by the Official Guardian.

To avoid such a scenario, there are various ways the gift can be left to the child through the Will:

1. Use a Will to leave the gift of cash in a trust administered by a named trustee for the child's benefit. The Will establishes parameters for the operation of the trust, including such details as what the funds can be used for and when they can be distributed. The size of the cash gift should be a consideration when selecting this option.
2. Use a Will to leave the gift of cash to the parent/legal guardian of the child or to another trusted individual. The Will would include a "wish" for the funds to be used for certain of the child's activities or held until the child attains a certain age. The advantage is the executor and trustee being relieved of the responsibility of a long-term trust. However, there is no guarantee the parent/guardian/other individual will hold the funds as requested, which may be a disadvantage.
3. Use an "infants clause" within a Will to authorize the trustee to pay any cash gifts for children under the age of majority to the child's parent/legal guardian or another trusted individual. Again, this relieves the executor and trustee of the ongoing obligation of a trust but does not guarantee the funds will be used as intended.



Individuals contemplating a cash gift to a child under the age of majority are encouraged to consider these options prior to meeting with a legal professional.

The advice of an independent lawyer should be sought when dealing with any legal matter.

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