

## **PROVIDING FOR CHILDREN**

### CHAPTER SIX:

*This chapter will guide you in planning for guardianship; having someone to raise minor children; having someone to manage a minor child's money and property. Here also, your thoughts are directed to what the cost would be of replacing the homemaker services presently provided by one or both spouses or other family members.*

## PROVIDING FOR CHILDREN

I believe the most important responsibility my wife and I have ever been given was training up our two children who are now adults and living on their own. Guiding the development of their character, values, attitudes, faith and abilities was a demanding but very rewarding process. To imagine either of us not continuing to be a part of that process (due to one or both of our deaths) was not a happy thought during their growing-up years. Yet that possibility is one for which parents must plan.

There are three aspects to this planning: 1) Part A - training up a child (guardianship); 2) Part B - the cost of single parenting; and 3) Part C - managing your child's property.

### Part A - Guardianship; Training up a Child.

How can we as parents pass on the dreams and aspirations we have for our children to a couple or a person who will parent our children following our death?

Before our children were born my wife and I prayerfully selected names for our children, which we believe represents God's purpose for our children (Beth Paige = "young child set apart for God"; Jonathan Eric = "gift from God; priestly"). As parents of young children we asked: How do we pass this purpose for our kids on to our guardians?

I distinctly remember the moments when my wife and I committed ourselves to God - before a whole congregation of believing Christians - to train up our two children, in the best way we knew how and to help them to know and trust in God. Having done so, a question to us was: How do we pass that commitment on in the event of our death?

There was so much that we knew about our young children. Each was so unique and special, and it was our desire to convey this to those who might someday be their "parents"?

For parents with young children, selection of a guardian and providing for their children are probably the primary motivations for execution of a Will. A Will is the place, in some states the only place, where a parent can designate the person or couple to raise their children if there is no parent living. If one parent is living, even if the parents are divorced, the surviving parent is entitled to custody of any minor child.

Guardianship laws and practices vary widely and are controlled by the state laws of the state where a child's parents permanently resided at their death. In Maryland for example, a guardian designated in a Will takes custody of minor children without any court involvement; need only be 18 years old; need not be related to the minor nor a resident of Maryland. (Appendix I). Other states are more restrictive.

Incidentally, godparents may be guardians, but they do not become such merely due to their status as godparents.

It is beneficial to both your guardians and your children that they are familiar with one another, and ideally, there should be some degree of an ongoing relationship between them during your lifetime.

### Planning Exercise 8

Goal: To share with your guardians your dreams and aspirations for your children, your commitment, your purpose, your knowledge.

To help bridge the gap between your guardian and your children, the following questionnaire is provided. One should be completed for each child. Earlier questions pertain more to younger children and later ones to older children. But before proceeding to complete the questionnaire, please list for your guardian some of the books, articles, movies, cassette tapes, videos, seminars, etc. which have most influenced and helped you in your parenting role.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

Now, please complete the following questionnaire; one per child.

#### Information and Guidelines for Guardians<sup>1</sup>

Name of child? \_\_\_\_\_

What is your child's birth date? \_\_\_\_\_

What is your child's favorite birthday cake? \_\_\_\_\_

Does your child like birthday parties? \_\_\_\_\_

Who is your pediatrician? \_\_\_\_\_

Does your child like this doctor? \_\_\_\_\_

Does your child have any special medical problems? \_\_\_\_\_

Would your child be comfortable discussing loss with this doctor? \_\_\_\_\_

Is your child frequently ill? \_\_\_\_\_

Does your child have a favorite cough syrup? \_\_\_\_\_

Will your child tell me if s/he is ill? \_\_\_\_\_

Does your child run high fevers? \_\_\_\_\_

What are your child's sleeping habits? \_\_\_\_\_

Does your child sleep with a light on? \_\_\_\_\_

Does your child wet the bed at night? \_\_\_\_\_

If I redecorate a room for your child what is his/her favorite color? \_\_\_\_\_

Does room temperature matter to your child? \_\_\_\_\_

How does your child feel about going to summer camp? \_\_\_\_\_

Will I receive a lot of "I hate the counselor" letters? \_\_\_\_\_

How does your child cope with new situations? \_\_\_\_\_

How does your child cope with meeting strangers? \_\_\_\_\_

How does your child feel about the first day of school? \_\_\_\_\_

Does your child have any special educational requirements? \_\_\_\_\_

<sup>1</sup> Adapted from A Survivor's Manual To; by Charlotte Kirsch, copyright (c), 1981, reprinted by permission of Doubleday and Co., Inc.

Have you noticed any learning disabilities? \_\_\_\_\_

Has a psychological evaluation been done on your child? \_\_\_\_\_

Does your child need coaxing to do his/her homework? \_\_\_\_\_

Who are your child's heroes? \_\_\_\_\_

What is your child's favorite type of movie or entertainment? \_\_\_\_\_

What does your child enjoy doing during school vacations? \_\_\_\_\_

Does your child have a favorite holiday and how does s/he like to celebrate it? \_\_\_\_\_

What are your child's favorite hobbies? \_\_\_\_\_

What athletics does your child like to participate in? \_\_\_\_\_

What are reasonable chores for me to ask your child to perform? \_\_\_\_\_

What are ways that your child has used to earn money? \_\_\_\_\_

Can your child manage money well or will s/he need some gentle guidance? \_\_\_\_\_

Does your child like to travel? \_\_\_\_\_

Does your child have a favorite vacation spot? \_\_\_\_\_

Is your child afraid of flying? \_\_\_\_\_

Is your child bothered by motion sickness? \_\_\_\_\_

Is your child a fussy eater? \_\_\_\_\_

This year, what is your child's favorite food? \_\_\_\_\_

Other foods your child enjoys are: \_\_\_\_\_

This year, what foods does your child dislike? \_\_\_\_\_

What are your child's fears? \_\_\_\_\_

How does your child cope with fears? \_\_\_\_\_

What are ways you have used to help your child cope with fears? \_\_\_\_\_

What are your child's vulnerabilities? \_\_\_\_\_

What are your child's defenses? \_\_\_\_\_

How does your child get along with peers? \_\_\_\_\_

Does your child share his/her feelings with you easily? \_\_\_\_\_

When something is bothering your child will s/he be verbal or withdrawn? \_\_\_\_\_

Will your child share problems with his/her friends? \_\_\_\_\_

How could I help your child talk about his/her problems with me? \_\_\_\_\_

Does your child like music and are there special kinds s/he likes most? \_\_\_\_\_

Does your child play a musical instrument? \_\_\_\_\_

Would your child like to play a musical instrument? \_\_\_\_\_

How does your child express anger? \_\_\_\_\_

How does your child respond to authority figures? \_\_\_\_\_

What types of artistic activities does your child enjoy? \_\_\_\_\_

How does your child interact with his/her siblings? \_\_\_\_\_

What sibling does this child feel closest to? \_\_\_\_\_  
How does your child deal with loss? \_\_\_\_\_

What other losses has your child experienced? \_\_\_\_\_

What has worked best when disciplining your child? \_\_\_\_\_

What discipline measures have failed? \_\_\_\_\_

What can you tell me about your family's medical histories? \_\_\_\_\_

What has been the role of religion in your child's life? \_\_\_\_\_

What is the present state of your child's personal faith? \_\_\_\_\_

Do you have specific goals regarding your child's faith which have not been fulfilled? \_\_\_\_\_

What are your attitudes toward your child being given an allowance? \_\_\_\_\_

What are your guidelines regarding your child being licensed to drive and driving? \_\_\_\_\_

What are your education goals for your child? \_\_\_\_\_

Is there a specific education institution you would like your child to attend? \_\_\_\_\_

What are your vocation goals for your child? \_\_\_\_\_

Are there particular courses or courses of study you would like your child to consider pursuing? \_\_\_\_\_

What are your attitudes toward your child working (part-time or full) during his/her growing-up years? \_\_\_\_\_

What is your attitude toward your child earning money to help pay expenses for:  
a. education and school \_\_\_\_\_  
b. clothing \_\_\_\_\_  
c. travel and vacation \_\_\_\_\_  
d. orthodontics \_\_\_\_\_  
e. automobile maintenance and insurance \_\_\_\_\_  
f. recreation and entertainment \_\_\_\_\_  
g. miscellaneous \_\_\_\_\_

What do you consider an appropriate gift for your child's:  
a. confirmation \_\_\_\_\_  
b. high school graduation \_\_\_\_\_  
c. college graduation \_\_\_\_\_  
d. engagement \_\_\_\_\_  
e. marriage \_\_\_\_\_  
f. other \_\_\_\_\_

What are your guidelines regarding your child dating? \_\_\_\_\_  
\_\_\_\_\_

What are your views toward pre-marital sexual experimentation and use of birth control measures by your child? \_\_\_\_\_

What, if any, advice or guidelines would you like shared with your child regarding the selection of a marriage partner? \_\_\_\_\_

What, if any, advice would you like shared with your child regarding financial management, budgeting, saving, credit, charitable giving, etc.? \_\_\_\_\_

List any particular books, movies, musical pieces, etc. that have influenced you which you would like your child to read, etc. \_\_\_\_\_

Are there any people who have influenced you that you would like your child to get to know? \_\_\_\_\_

What else would you like to add? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

“A good wrap-up would be to make a tape or video recording or leave a written history of your family for the child. Share with the child what his/her babyhood, early childhood, etc. were like because no one can do it as you can. Add your own reminiscences of your own childhood. No better gift can be given.

If you feel comfortable, share this exercise with your child and ask for feedback on your observations. You are bound to learn something new about your child and maybe even yourself.”<sup>2</sup>

Planning for the Child with Special Needs.

Charlotte Kirsch, in her book, *A Survivor’s Manual To:*<sup>3</sup>, has addressed this subject in a helpful way. Pertinent excerpts from her book are in Appendix J and supply very useful planning guidelines for the child with special needs.

Planning Exercise 9

Selection of Guardians.

List the person or persons you desire to raise your child(ren).

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

Alternate Selection:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

<sup>2</sup>ibid. p. 52

<sup>3</sup>ibid. pp. 53-57.

Part B - What is the financial cost of single parenting?

In many homes today both parents have employment outside the home. For these couples the cost of paying for child care services may already be a part of your budget. But child care services represent only a portion of the cost of replacing the homemaker services of a deceased spouse.

Non-Working Partner Replacement Costs\*  
Estimated Replacement Homemaker Service

Sample of Duties	Hours* per Week	Rate** per Hour	Total per Week
Child Care	45.1	\$8.51	\$383.80
Dietician	1.2	16.45	19.74
Food Buyer	3.3	7.91	26.10
Cook	13.1	9.56	125.24
Dishwasher	6.2	6.84	42.41
Housekeeper	17.5	8.58	150.15
Lauderer	5.9	9.08	53.57
Tailor	1.3	10.33	13.43
Maintenance	1.7	13.52	22.98
Gardener	2.3	9.49	21.83
Chauffeur	2.0	9.64	19.28
<b>Total</b>	<b>99.6</b>		<b>\$878.53</b>

\*Source for hours per week: American Council of Life Insurance, 1981 figures.

\*\*Source for rate per hour is Bureau of Labor Statistics, 2000 figures for Maryland.

This chart only addresses homemaker services. Obviously, the cost of replacing a working spouse is much greater as it includes both homemaker and non-homemaker services and contributions. It is monies earned from our employment which go to pay for food, clothing, housing, medical care, recreation and travel, education, etc. What the projected cost of these consumer goods and services will be varies for each family.

NOTE: The Federal minimum hourly wage, as of September 1, 1997, was \$5.15.

Planning Exercise 10

List the homemaker tasks which have been carried out by you or your spouse in the last month, which, if that spouse were deceased, you would hire the work done.

Survivor Would

Task done by Spouse	Do him/her self	Not do	Hire done	Economic Value of Service
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
Total Estimated Value of Services:				\$ _____

Husband

\_\_\_\_\_ I have helped to complete the above list and studied the completed list carefully.

\_\_\_\_\_ Knowing the financial provisions which I have made for my survivors, I feel:  
 \_\_\_\_\_ adequate financial provision for me and the children have been made.  
 \_\_\_\_\_ additional financial provisions need to be made (review Planning Exercise 4 and make any additions you feel necessary).

Wife

\_\_\_\_\_ I have helped to complete the above list and studied the completed list carefully.

\_\_\_\_\_ Knowing the financial provisions which I have made for my survivors, I feel:  
 \_\_\_\_\_ adequate financial provision for me and the children have been made.  
 \_\_\_\_\_ additional financial provisions need to be made (review Planning Exercise 4 and make any additions you feel necessary).

Part C - Managing Your Child's Property.

In planning for when both parents are deceased, a common question is: How do I leave property to my children?

Four Alternatives

Guardianship* Account	Custodianship Account	Trust Account	Outright Gift To Child
Funds must be turned over to child at age 18	Funds must be turned over to child by age 21	Funds must be held in trust until any age	Any adult child may receive funds into their own control

Which of these alternatives best meets your desires and your child's needs depends upon:

- Your goals for your children.
- Number and ages of children.
- Amount of assets involved and financial resources.
- Unique needs of each child.
- Maturity level of each child.
- Ability of a child to manage money.

Planning Example.

If the total fund (including life insurance proceeds) being left to children following the deaths of their parents is \$100,000, and there are four children, 10 and under, then probably 4 separate guardianship or custodianship accounts of \$25,000 each meets the need. If the fund were \$300,000, then probably a trust is better because the property may be held in trust to an older age. If there was only one minor child and a fund of \$100,000, a trust may be advisable for the same reason.

In the following Planning Exercise, keep in mind that:

- A. Trusts permit flexibility in:
- Funding patterns
  - Termination dates and arrangements
  - Use and Distribution of funds
- B. \$1,000 invested today at a compounding (that means the earnings are left to accumulate) interest rate of 10% will grow to \$2,594.00 (before taxes) in ten years.

\*Technically speaking, there is a distinction between the guardian of a minor's property and the guardian of a minor's person. The guardianship referred to here deals with management or guardianship of a minor's property.

Planning Exercise 11

If the fund to be divided among 4 children age 10 and under was \$400,000, which would be the best plan?

- \_\_\_\_\_ Establish one guardianship account of \$100,000 for each child. Unused money would then be paid over to the child on his or her eighteenth birthday. Until the child reaches that age, the money in the fund may be paid out for his or her financial needs as they arise.
  
- \_\_\_\_\_ Establish one custodianship account of \$100,000 for each child. Unused money could then be paid over to the child on his or her twenty-first birthday. Until the child reaches that age, the money in the fund may be paid out for his or her financial needs as they arise.
  
- \_\_\_\_\_ Establish a trust fund.

Flexible Funding

- a. \_\_\_\_\_ keep the fund intact as one fund for all four children
- b. \_\_\_\_\_ split the fund into four separate funds of \$100,000 each
- c. \_\_\_\_\_ keep the fund intact until the youngest child's \_\_\_\_\_ birthday and then split the balance of the fund equally into four funds
- d. \_\_\_\_\_ design the following trust plan

---

---

---

---

Flexible Termination

- a. \_\_\_\_\_ terminate the trust established at a. above when the youngest child reaches age \_\_\_\_\_ and pay the remaining property out to each child in equal shares
- b. \_\_\_\_\_ terminate the fund set apart at b. or c. above for each child and give the balance to them on his or her \_\_\_\_\_ birthday
- c. \_\_\_\_\_ terminate the fund set apart at b. or c. above for each child in stages:
  - \_\_\_\_\_ paying 1/4, 1/3, 1/2 (circle one) at age \_\_\_\_\_
  - \_\_\_\_\_ paying 1/4, 1/3, 1/2 (circle one) at age \_\_\_\_\_
  - \_\_\_\_\_ paying 1/4, 1/3, 1/2 (circle one) at age \_\_\_\_\_
  - \_\_\_\_\_ paying the balance at age \_\_\_\_\_
- d. \_\_\_\_\_ design the following trust/termination plan

---

---

---

---

Flexible Use of Funds

- a. \_\_\_\_\_ While the trust is in existence, the trustee should pay out the property in the trust (including income being earned) as he determines appropriate to meet the child(ren)'s needs
- b. \_\_\_\_\_ Income (net) being earned by the trust investments should be paid out to the child(ren), regardless of their needs:
  - \_\_\_\_\_ from the date the trust is established
  - \_\_\_\_\_ from the time the child reaches age \_\_\_\_\_
  - \_\_\_\_\_ other: \_\_\_\_\_
- c. \_\_\_\_\_ Income (net) being paid out according to b. above should be in addition to the amount being paid out according to a. above  
\_\_\_\_\_ yes \_\_\_\_\_ no
- d. \_\_\_\_\_ Funds should be paid out in the following manner: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Planning Exercise 12

Now let us take your family. If you were to die tonight and your minor children were left with no parents, how would you provide for them? The information in Planning Exercise 11 should be helpful.

If the fund to be divided among your \_\_\_\_\_ (number of children) children, ages \_\_\_\_, \_\_\_\_, \_\_\_\_, \_\_\_\_, were \$ \_\_\_\_\_ \* which would be the best plan?

\*Estimate the amount of property your children would have, assuming no parent survives.

\_\_\_\_\_ Divide the fund into equal shares, one for each child, and establish a guardianship account for each child. Unused money would then be paid over to the child on his or her eighteenth birthday. Until the child reaches that age, the money in the fund may be paid out for his or her financial needs as they arise.

\_\_\_\_\_ Divide the fund into equal shares, one for each child, and establish a custodianship account for each child. Unused money could then be paid over to the child on his or her twenty-first birthday. Until the child reaches that age, the money in the fund may be paid out for his or her financial needs as they arise.

\_\_\_\_\_ Establish a trust fund.

Flexible Funding

- a. \_\_\_\_\_ keep the fund intact as one fund for all children
- b. \_\_\_\_\_ split the fund into four separate funds of equal size, one for each child
- c. \_\_\_\_\_ keep the fund intact until the youngest child's \_\_\_\_\_ birthday and then split the balance of the fund equally into separate shares one for each child.
- d. \_\_\_\_\_ design the following trust plan

---

---

---

---

Flexible Termination

- a. \_\_\_\_\_ terminate the trust established at a. above when the youngest child reaches age \_\_\_\_\_ and pay the remaining property out to each child in equal shares
- b. \_\_\_\_\_ terminate the fund set apart at b. or c. above for each child and give the balance to them on his or her \_\_\_\_\_ birthday
- c. \_\_\_\_\_ terminate the fund set apart at b. or c. above for each child in stages:  
\_\_\_\_\_ paying 1/4, 1/3, 1/2 (circle one) at age \_\_\_\_\_  
\_\_\_\_\_ paying 1/4, 1/3, 1/2 (circle one) at age \_\_\_\_\_  
\_\_\_\_\_ paying 1/4, 1/3, 1/2 (circle one) at age \_\_\_\_\_  
\_\_\_\_\_ paying the balance at age \_\_\_\_\_
- d. \_\_\_\_\_ design the following trust/termination plan

---

---

---

---

Flexible Use of Funds

- a. \_\_\_\_\_ While the trust is in existence, the trustee should pay out the property in the trust (including income being earned) as he determines appropriate to meet the child(ren)'s needs
- b. \_\_\_\_\_ Income (net) being earned by the trust investments should be paid out to the child(ren), regardless of their needs:
- \_\_\_\_\_ from the date the trust is established
  - \_\_\_\_\_ from the time the child reaches age \_\_\_\_\_
  - \_\_\_\_\_ other: \_\_\_\_\_
- c. \_\_\_\_\_ Income (net) being paid out according to b. above should be in addition to the amount being paid out according to a. above  
\_\_\_\_\_ yes \_\_\_\_\_ no
- d. \_\_\_\_\_ Funds should be paid out in the following manner: \_\_\_\_\_

---

---

Who Should Manage Your Child's Property (where both parents are deceased)?

General Comments: So long as property is set aside for your child's benefit (whether in a guardianship, custodianship or trust account), it requires diligent and careful management. The party responsible for this must:

- Be responsible for the custody and safekeeping of the property
- Prudently invest and oversee the property.
- Disburse the funds in a timely manner for a child(ren)'s benefit, maintenance, support, education, etc.
- Pay expenses related to management.
- Maintain accurate records and accountings.
- File tax returns and reports and pay taxes.
- Terminate the fund and distribute assets as required.

In my opinion, the fundamental characteristics of a party responsible for these duties must be one who:

- will outlive the duration of the child's guardianship, custodianship or trust account;
- has administrative skills;
- will seek investment, tax and other advice as needed;
- will make the responsibility a priority;
- enjoys and is accurate with numbers;
- is diligent (not a procrastinator);
- is trustworthy.

Planning Exercise 13

List the parties you know having these characteristics whom you would consider trusting with the management of your child(ren)'s assets (include: relatives, friends, corporate trustees (bank trust departments), attorneys, accountants, etc.).

Name	Diligent	Good W/ Numbers	Will Make Task A Priority	Trust- worthy	Good Admin- istrative Skills	Tax Knowledge Has / Seek	Investment Knowledge Has / Seek
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

List the part(ies) you prefer to manage your children's assets.

First Preference: \_\_\_\_\_

Second Preference: \_\_\_\_\_

Third Preference: \_\_\_\_\_

NOTE: Appendix K discusses fees charged by professional trustees.

To insure that these parties properly manage and disburse the property entrusted to them, a bond\* shall be required to be posted unless expressly waived by you or unless the party selected is a bank trust department. Do you desire that this bond be waived? \_\_\_yes \_\_\_no.

\*Bond is defined at Appendix X; example bond premiums are shown at Appendix S.