
RESOURCES

IDENTIFYING RESOURCES

- E. UNIFORM GIFTS TO MINORS ACT**
- Most States have adopted the Uniform Gifts to Minors Act (UGMA) which permits making to minors gifts which are free of tax burdens. The UGMA is sometimes called the Uniform Transfers to the Minors Act.
- Under UGMA legislation:
- an individual (donor) makes an irrevocable gift of money or other property to a minor (the donee)
 - the gift, plus any earnings it generates, is under the control of a custodian until the donee reaches the age of majority established by State law
 - the custodian has discretion to provide to the minor or spend for the minor's support, maintenance, benefit, or education as much of the assets as he/she deems equitable
 - the donee automatically receives control of the assets upon attainment of majority (age 21 in Mississippi).
- 1. Creation and Transfer of "Custodial" Property**
- According to Mississippi State Law, gifts that are valid under the Mississippi Uniform Transfer to Minors Act must reflect that the gift is being made under this Act. This means the gift(s) (annuity, C.D., property, life insurance, etc.) must be assigned in writing and substantially worded to show the custodian's name, minor's name and the designation that the gift is authorized under the Uniform Transfer to Minors Act (in Mississippi, Mississippi Code Ann. Section 91-20-19).
- 2. Donor Access**
- Since a custodian of UGMA assets cannot legally use any of the funds for his or her own personal benefit, they are not his or her resources. Similarly, once there is a gift under UGMA, additions to or earnings on the principal are not income to the custodian who has no right to use them for his/her own support and maintenance. (Additions to the principal may be income to the donor prior to becoming part of the UGMA principal). For example, if the donor is a deemor who receives rental income and adds it to a child's UGMA funds, consider the rental income as income for deeming purposes.

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Gifts made under the UGMA may involve a countable transfer of resources to the donor, if applicable.

3. While Donee Remains A Minor

UGMA property, including any additions or earnings are not income to the minor;

The custodian's UGMA disbursements to the minor are income to the minor;

The custodian's UGMA disbursements on behalf of the minor may be income to the latter if used to make certain third party vendor payments.

4. When Donee Reaches Age 21

All UGMA property becomes available to the donee and subject to evaluation as income in the month of attainment of age 21 and a resource thereafter.

