

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

303.08 UNIFORM GIFTS TO MINORS ACT

Most states have adopted the Uniform Gifts to Minors Act (UGMA) that permits making gifts that are tax free to minors. The UGMA is sometimes called the Uniform Transfers to Minors Act.

Under the 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; and
- The donee automatically receives control of the assets when he/she reaches the age of majority established by state law (age 21 in Mississippi).

303.08.01 CUSTODIAN

A custodian of UGMA assets cannot legally use any of the funds for his/her own personal benefit. Therefore,

- The assets are not the custodian's resources.
- 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.

303.08.02 DONOR

Additions to principal may be income to the donor before becoming part of the UGMA principal.

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.

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

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UNIFORM GIFTS TO MINORS ACT (Continued)

303.08.03 MINOR DONEE

What IS Income to the Minor?

- Custodian's disbursements to the minor
- Disbursements on behalf of the minor used to make certain third party vendor payments

What is NOT Income to the Minor?

- The UGMA property
- Any additions or earnings

303.08.04 DONEE AT AGE 21

- All UGMA property will become available to him/her
- All funds in the UGMA will count as income the month the minor reaches age 21 and a resource thereafter

303.08.05 CREATION AND TRANSFER OF "CUSTODIAL" PROPERTY IN MS

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), e.g., annuity, CD, 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, MS Code Ann., Section 91-20-19).

Verification

- A copy of the document of ownership assigned in writing and complying with the requirements of state law discussed above.
- If there is no document designating a UGMA transfer, treat as though there is no UGMA.