



BLACK WALNUT
WEALTH MANAGEMENT



A Guide to Giving and Lending Money

Has a friend or relative ever asked you for a sizeable loan or financial gift? Handling this situation can be tricky. You don't want to damage your relationship, but you also need to do what's right for yourself.

With a careful approach, however, you can smoothly manage whatever request comes your way.

Saying Yes

If you're comfortable saying yes to a loan request, take these three steps to protect your finances:

1. Ask how the money will be used. A loan or gift that could increase your friend's or relative's long-term financial security — a down payment on a home, a modest vehicle, a tuition payment — may be worth making. One that funds a short-term luxury may not be.
2. Don't co-sign. Providing a cash gift or loan limits the damage if the recipient doesn't repay you. Co-signing puts your credit score at risk and makes you responsible for late payment penalties and interest.
3. Know the tax considerations. You can give someone up to \$15,000 in 2019 without filing a gift tax return. If it's a loan, you need to document it and the recipient needs to pay you a reasonable interest rate or the IRS could consider it a gift.

Saying No

Sometimes it's just not a good idea to become financially entangled with someone. Here's what to keep in mind:

1. Consider your own finances. If you're not in a position to lend or gift money, don't try. You have to pay your own bills and fund your retirement before you can pay for someone else's.
2. Think about the consequences. Will this money really help the person, or are you enabling a bad habit or harmful behavior?
3. Know what to say. Use statements that are vague but firm and don't pass judgment. Try: "I'm not in a position to help right now."

Have questions about lending or giving money? Reach out anytime.



Refer a Friend



Schedule an Advisory Meeting



Send Us a Question

Thank you for reading our newsletter!



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YES



NO

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