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The Family Money Playbook

Lending, gifting, and saving within the family — the rules, the tax lines, and the moves that keep it all straight.

A free guide from Family Matters

Money moves families make

Families lend to each other, give to each other, and put money aside for the next generation. Done well, these moves are cheaper than a bank, kinder than they sound, and completely above-board with the IRS. Done on a handshake, they create confusion, resentment, and the occasional tax surprise.

This playbook covers the three areas where money moves within a family — **loans**, **gifts**, and **saving for kids** — and the simple rules that keep each one clean. It pairs with the free calculators at myfamilymatters.com.

Figures are for 2026 and change over time. None of this is tax or legal advice — confirm specifics with your CPA or attorney.

1 — Family loans

A loan between family members is a real option that sits between a bank loan and a gift, and often beats both. The key is to make it a genuine loan in the eyes of the IRS. Three things do that:

- **A written promissory note** — amount, parties, and terms in writing.
- **A real repayment schedule** — payments that actually happen.
- **Interest at or above the AFR** — the Applicable Federal Rate, a monthly IRS minimum. Charge less and the forgone interest is treated as a gift.

The $10,000 rule: loans of $10,000 or less are generally exempt from the imputed-interest rules, so a small no-interest loan usually creates no gift-tax issue.

Debt rescue. A common reason to lend is helping a relative out of high-interest debt. Paying it off outright can trip the gift tax and rarely changes the behavior. Consolidating it into one documented loan — with a required emergency fund and a freeze on new debt — usually works far better.

Tools: Family Loan Calculator, AFR lookup, imputed-interest calculator, and a promissory-note generator at myfamilymatters.com.

2 — Gifting & gift tax

Most families who give money to each other never owe a dollar of gift tax. But there's a line worth knowing:

- **Annual exclusion — $19,000 per recipient (2026).** Give up to this to as many people as you like, with no filing and no tax. A couple can split gifts to reach $38,000 per recipient.
- **Lifetime exemption — about $15M per person.** Go over the annual exclusion and you file a Form 709, but you owe no tax until this is used up. The 709 just tracks how much you've used.
- **Gifts aren't income.** The person receiving a gift owes no income tax on it.

Why track it as you grow. Even at today's high exemption, a family worth $5–30M that keeps growing can drift into a taxable estate over 20–30 years. Gifting earlier — while assets are smaller — moves more future growth out of the estate. Tracking cumulative gifts lets you do it deliberately.

Tools: Gift Tax & 709 Calculator, the Gift & 709 Ledger spreadsheet, and the Estate Tax Projector.

3 — Saving for a child or grandchild

Two vehicles do most of the work, and they solve different problems:

- **529 plan** — built for education. Grows tax-free and comes out tax-free for qualified costs. The owner keeps control; many states add a deduction.
- **UTMA / UGMA custodial account** — flexible money for any purpose that becomes the child's outright at adulthood. More freedom, but the 'kiddie tax' can apply and you lose control at majority.

Superfunding a 529. A special 5-year election lets you front-load up to five years of annual exclusions at once — up to $95,000 per donor ($190,000 per couple) per child — without using any lifetime exemption. The earlier the money is in, the longer it compounds.

Tool: 529 Superfunding Calculator.

The one-page checklist

Before you lend:

- Write a promissory note (or generate one).
- Set interest at or above the current AFR for the term.
- Put a real repayment schedule in place.
- For a rescue, add an emergency-fund condition and a freeze on new debt.

Before you give:

- Stay under $19,000 per recipient ($38,000 as a couple) to skip any filing.
- If you go over, plan to file a Form 709 (usually no tax due).
- Keep a running ledger of gifts against your lifetime exemption.

When saving for a child:

- Use a 529 for the education base; a custodial account for flexibility.
- Coordinate contributors so nobody trips the annual exclusion.
- Consider superfunding a 529 early to maximize tax-free growth.

Family Matters is building the coordination hub for exactly this — the loans, gifts, custodial funds, and the tax records around them, in one place for your whole family and your advisors. Get early access at **myfamilymatters.com**.

This playbook is general information, not tax, legal, or financial advice. 2026 figures; verify current numbers with the IRS and your CPA or attorney.