

Report on Public Policy Position

Name of section:

Probate & Estate Planning Section

Contact person:

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Bill number:

[SB 1200](#) (Anderson) Civil procedure; garnishment and attachment; higher education savings plans; exempt from enforcement of court judgments or bankruptcy. Amends secs. 5451 & 6023 of [1961 PA 236](#) (MCL [600.5451](#) & [600.6023](#)).

Date position was adopted:

March 15, 2008

Process used to take the ideological position:

Position adopted after discussion and vote at a scheduled meeting.

Number of members in the decision-making body:

18

Number who voted in favor and opposed to the position:

18 Voted for position
0 Voted against position

Position:

Support

Explanation of the position, including any recommended amendments:

The Bill provides exemptions for IRC 529 and IRC 530 (Coverdale) plans from collection activity and in Bankruptcy. As estate planners we often discuss such plans with our clients and encourage them to use them as a means of transferring wealth and funding education of relatives, primarily descendants. We do not think the plan assets should go to creditors if the "owner" or "beneficiary" has creditor problems. Many times the "owner" is not treated as an owner for Federal estate and gift tax purposes and this creates additional confusion.

The text of any legislation, court rule, or administrative regulation that is the subject of or referenced in this report. <http://legislature.mi.gov/doc.aspx?2008-SB-1200>