



PENSION & WEALTH MANAGEMENT ADVISORS

IMPROVING FINANCIAL SECURITY

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HOW TO PROTECT YOUR CHILD STAR'S EARNINGS: COOGAN TRUST ACCOUNTS

In the entertainment industry, child actors often find themselves thrust into the limelight at an early age, navigating a world where fame and fortune intermingle with the challenges of youth and inexperience. As these young talents captivate audiences with their on-screen performances and accumulate wealth, it becomes increasingly crucial to recognize the significance of responsible financial planning.

One way to protect and help educate these child stars is by setting up a **Coogan Trust Account**. A **Coogan Trust Account**, formally known as a Blocked Trust Account, is a special type of trust fund established to protect the earnings of child performers in the entertainment industry. The California Child Actor's Bill, or the Coogan Act, was enacted in 1939 in response to the exploitation of child actors' earnings by their parents or guardians.

Coogan Trust Accounts are typically managed by a financial institution and are required by the State of California, New York, Illinois, Louisiana, and New Mexico. States that have similar laws that protect child performers include Pennsylvania, Tennessee, North Carolina, Nevada, and Kansas.

There are several advantages to consider:

Financial Protection for the Child

By mandating that a minimum of 15% of the gross earnings of the child be set aside in a trust, the Coogan Act helps prevent financial exploitation and ensures that the child has a financial foundation as they enter adulthood. The trust also ensures that the earnings are the property of the minor, not the parent¹. One can choose to contribute up to 100% of their gross earnings into a **Coogan Trust Account** but can't withdraw it until they reach the age of majority.

Long-term Security

By funding the account at an early age, the accumulated interest can be particularly beneficial for covering future education expenses, housing, or other significant life events.

Smooth Transition to Adulthood

As the child reaches the age of majority and gains control of the account, it allows for a smoother transition into adulthood, with access to funds that can be used for education, career development and other purposes.

Professional Investment Management

Professional oversight of the funds by a wealth management advisor helps to ensure that the money is invested responsibly and that the child's financial interests are prioritized.

Educational Opportunities

The funds in a **Coogan Trust Account** can be used to support the child actor's education, including college or vocational training. This can open the door to additional opportunities for the personal and professional development of the child.

The **Coogan Trust Account** limits access to the funds until the minor reaches the age of majority. This lack of flexibility can be a disadvantage if the child or family faces hardships before that age. However, that lack of easy access is exactly what provides long-term security for the child.

Overall, the **Coogan Trust Account** is an important tool to protect your child star's financial future. Wealth management advisors can play a pivotal role in safeguarding the financial well-being of child actors while providing sound advice and guidance on issues that are specific to workers in the entertainment industry.

¹SAG-AFTRA. "Coogan Law"

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