

The BizParentz Foundation

Coogan Law Quick-Takes

Following are some lesser known (and sometimes surprising) aspects of the Coogan law, along with their basis in current California law.

From SB1162, enacted in 2000

1. All the money belongs to the kid. Section 771 of the Family Code, (b): ...the earnings and accumulations of an un-emancipated minor child related to a contract of a type described in Section 6750 shall remain the sole property of the minor child.
2. This law re-defines your relationship with your child and gives you a fiduciary relationship that is governed by the law of trusts. You must pay all the bills related to their contract (with their money). Section 6752 of the Family Code, (d): ...the relationship between the parent and guardian, as the case may be, and the minor is a fiduciary relationship that is governed by the law of trusts, whether or not a court has issued a formal order to that effect. The parent or guardian, as the case may be, acting in his or her fiduciary relationship, shall, with the earnings and accumulations of the minor under the contract, pay all liabilities incurred by the minor under the contract, including but not limited to, payments for taxes on all earnings and payments for personal or professional services rendered to the minor or the business related to the contract.
3. Even though you have a trustee relationship, you must still provide support for the minor (housing, education, food). Section 6752 of the Family Code (d): Nothing in this subdivision shall be construed to alter any other existing responsibilities of a parent or legal guardian to provide for the support of a minor child.
4. A court can replace you as the child's trustee. Section 6752 of the Family Code, (b) (2): ...at least one parent or legal guardian, as the case may be, entitled to the physical custody, care, and control of the minor....be appointed as trustee of the funds ordered to be set aside in trust for the benefit of the minor, unless the court shall determine that appointment of a different individual, entity or entities as trustee or trustees is required in the best interest of the minor.
5. You need to do an accounting EVERY YEAR of the trust money and it must adhere to the Probate Code (similar to the executor of a will) Section 6752 of the Family Code, (b) (6): The trustee or trustees shall do an annual accounting of the funds held in trust...in accordance with Sections 16062 and 16063 of the Probate Code.
6. You CAN invest the funds in the Coogan account. Section 6753 of the Family Code (e)(3): The trustee or trustees may use all or a part of the funds to purchase, in the name of and for the benefit of the minor (A) investment funds...broad based index fund...not a sector fund..., or (B) government securities or bonds, certificates of deposit, money market instruments, money market accounts, or mutual funds...