

The Dangers Of Estate Plan Of Jointly Titling Bank Accounts With A Child

When one is coming up with an estate plan there is a common practice that some people engage in. That practice is putting their name on a bank account with their child or what is also known as having the bank account titled jointly. There are reasons to title a bank account jointly with a child that would convince someone that this would be a good idea. A main reason why a parent would do this is that the child would have access to the account immediately if the parent became incapacitated or died. There would not have to be conservator proceedings in the case of incapacity or probate proceedings in the case of death. The bank account would pass directly to the child. This can be a risky estate plan though. If a child owes money or has debt, then that child's creditors could attach the debt to the jointly bank account while you are still alive to pay debts that a child may potentially owe.

The child could also empty the account themselves because their name is on the account jointly. The most common case is that a child will not empty the entire account, but rather "borrow" from it to pay bills or expenses. Borrowing from the account to pay everyday bills could be a convenient source of cash for the child, but may cause arguments and disagreements when the parent gets their bank statement or the child is not in a hurry to pay it back. A better way to title a bank account is to make a POD (payable on death) designation on the account. This POD designation only requires a simple form to filled out at your bank. This allows the same benefits of jointly titling the account in that it skips probate after death, but it protects the account from being targeted by a child's creditors or from being withdrawn from by a child. A general durable power of attorney allows a child to access a bank account in the case of incapacity of a parent without having to jointly title the bank account.

Jointly titling an account with a child can be an easy and cheap estate plan, but risky. Although the easy way out would be to both have title in an account, the alternative is not that much more complicated or expensive. Consulting with an estate planning attorney to come up with an estate plan is much less costly than having to clean up a mess that titling in both names has the potential to create.

Evan Guthrie Law Firm is licensed to practice law throughout the state of South Carolina. The Evan Guthrie Law Firm practices in the areas of estate planning probate personal injury and divorce and family law. For further information visit his website at <http://www.ekqlaw.com>. Evan Guthrie Law Firm 164 Market Street Suite 362 Charleston SC 29401 843-926-3813