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## Should we put our child on the title of our house?

Many elderly people think or are told that the best way to avoid having their house go to income taxes, estate taxes, capital gains taxes, probate fees, to pay for their medical bills, or to their creditors is to place one or more of their children on the title to their house.

Unfortunately, this advice is usually coming from someone with no experience or training in any of these areas. Usually, the person giving the advice has gotten this idea from a friend or off the Internet and the parent has no idea of the problems that they are actually creating by placing a child on the title to their home.

Here are a few quick bullet points of SOME of the problems that can occur by putting a child on the title of your home:

- 1. YOU CAN LOSE YOUR HOME** - If your child gets into financial trouble with creditors, the IRS, a lawsuit, etc, the child's creditors may be able to come after your home.
- 2. YOUR CHILD COULD TAKE OUT A LOAN AGAINST YOUR HOUSE** - Your child is now a co-owner and could possibly take out a small loan on your house. For a large loan or to sell the house, your child would normally need to obtain your signature(s).
- 3. YOU MAY BE DISINHERITING YOUR OTHER CHILDREN** - Depending on the laws of the state where your house is and the why your child takes title with you, your house could automatically become the child's house and your other children would then not get a share of your house.
- 4. YOU ARE ACTUALLY INCREASING THE RISK OF TAXES** - By placing your child on the title to your home, you have created a gift tax issue that needs to be addressed. In addition, by giving the gift, you have increased your child's liability for capital gain taxes on the sale of the house. If your child **WANTS TO** (i.e., the child may not legally have to) share the profit on the house with their siblings, your child also runs into gift tax issues.

These are just some quick examples of problems that can occur on the transfer of your house to one or more of your children. Prior to any such transfer, you should consult with a competent estate planning attorney **IN THEIR STATE** as the laws vary by state.