

The “Poor Man’s” Will - Joint Ownership of Assets Can Have Unintended Consequences

I’ve seen it before. They call it the “Poor Mans” estate plan. Just add your adult children to all of your accounts instead of a will. While there are some good reasons why parents and adult children consider joint ownership of assets, there are also some potential unintended consequences, including:

Divorce: If a parent adds an adult child as joint owner on bank or investment accounts and that adult child becomes party to a divorce action, the child’s ex may claim the joint assets as part of the marital estate.

Creditors: If an adult child is the joint owner of a parent’s accounts and has a lot of debt or files for bankruptcy, that child’s creditors can try to lay claim to the assets.

Temptation: If an adult child has financial problems, they may be tempted to “borrow” from a parent’s account to satisfy debts.

Inheritance: If the parent dies and the adult child is the surviving joint owner of assets, he or she doesn’t have to share with siblings, no matter what the parent may have intended.

Basic estate planning tools – including wills, living trusts and powers of attorney – can accomplish the same goals as joint ownership without the risk of unintended consequences. A Personal Family Lawyer® can recommend which estate planning strategies will work best for your family and circumstances.

To Your Health, Wealth & Happiness

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