

Planning for your assets at your death

Joint Accounts

Creating joint accounts can help you avoid probate at death.

Joint accounts are accounts which you own jointly with another person. In other words, a joint account is owned in both your name and the joint owner's name. If you own a bank account in only your name when you die, a process called "probate" is usually required to remove your name from the bank account and allow your beneficiaries to access the money in the account. Instead, you have the option of naming another person, such as your spouse, as a joint owner on the account. When two people own an account jointly and one of them dies, the surviving joint owner automatically owns the account, and all the money in the account immediately belongs to the surviving joint owner. There is no court oversight of this process, and the surviving joint owner is free to use the money in the account for any purpose or to close the account after your death.

Planning for your assets at death is important for the people you leave behind.

There are default rules about who receives your property at death, but your wishes may be very different from the default rules. Creating a plan is particularly important if you want to include loved ones outside of the "traditional" roles. For example, couples who are not married would not normally inherit from each other under the default rules, but they can create joint accounts to provide for each other at death. Friends are also not included under the default rules, but you can name a friend as a joint owner on an account if you trust them completely. Sometimes, creating joint accounts may be one part of your plan, and you might choose to create a Will or a Revocable Living Trust in addition to creating a joint account.

It's important to be very cautious about joint accounts.

Joint accounts aren't right for everyone. For many reasons, money in a joint account may unfortunately be less safe and secure than money owned only in your name. For example, if a joint owner gets a divorce, gets sent to a debt collector, files for bankruptcy, or gets into a car accident and gets sued, the money in the joint account will be at risk. Joint accounts can also cause you to accidentally disinherit loved ones. While you might intend to leave some amount of money to other people, joint accounts will pass automatically to only the joint owner at your death, and your other loved ones will have no claim to the money that was in the joint account.

Get started.

You can create joint accounts by visiting your local bank branch. It's also a good idea to speak to an attorney about whether joint accounts are right for you.

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