Published in The Santa Monica Star, Volume XVI Number 12, December 2017

Planning Ahead

Lisa C. Alexander, Esq.
Jakle & Alexander, LLP

Estate Planning – The Cost of Convenience

Often a client tells me they have added a child on an account "for convenience only" so the child can access the account and help with the finances. The client never intends for the child to have rights or ownership of the account, only the ability to access account information and sign checks. But that's not what the law says.

When there is more than one person on an account, the account falls under the rules that apply to "multiple-party" accounts. Under California law, on the death of a party to a joint account, all the money in the account belongs to the other person on the account. This rule was just confirmed by the recent case of Estate of O'Connor.

Betty O'Connor had an Estate Plan that left everything to her son, daughter and two grandchildren. In the last years of her life, Betty's daughter helped Betty with her finances, including opening two joint accounts with Betty at Wells Fargo. When Betty died, under California law the money in the joint accounts went all to the daughter, nothing to the son or grandchildren. This was contrary to her Estate Plan and probably not Betty's intent. But after her death, there was not enough evidence for the Court to overcome the legal rule.

The moral of the story is don't let that happen to you or your family. There are alternatives to putting your child on the account. You could make your child a signatory on the account or you could appoint your child as agent with power of attorney on the account. You could put the account in your Trust and name your child as Special Trustee with power to deal with the account. Under all these alternatives, the child can access the account and help with finances without making it a joint account or making the child an owner of the account.

Lisa C. Alexander is an attorney at Jakle & Alexander, LLP. She can be reached by calling 310-656-4310 or by emailing her at alexander@jaklelaw.com.