

## **PITFALLS OF JOINT ACCOUNTS**

by Joseph W. Fleece, III

A common problem today in estate planning is the unintended consequences of joint bank accounts. Recently, a client called and told me that while he was at his bank, the account representative suggested that he should put his niece on his account so that she could pay his bills if something happened to him.

Luckily, this client was smart enough to call his attorney to find out if that was a good idea. I told him that he had already signed a durable power of attorney and that document would give his niece full power and authority to deal with his bank account, plus much more, if something happened to him. I then went on to explain what would have happened had he followed the advice of the young account representative.

I told him, based upon my experiences, the account representative would have had him sign a new signature card for his bank account. His niece would have been listed as a joint tenant with right of survivorship. Upon his death all the funds in that account would have passed directly to his niece totally by-passing the estate plan he had set up under his will.

Many times the account representative is only trained to follow the bank's procedures without being instructed on the consequences of his or her actions. The account representative is trained to prepare new account signature forms, which represent the contract with the Bank, and then sets up the new account as being with the "right of survivorship." Most bank forms only have two choices, individual or joint with right of survivorship.

Even though the bank customer believes that the niece, or whoever they designate, will only have signing privileges and no

ownership in the account, the account contract specifies otherwise. Unbelievably, most bank contract forms do not have an option for the account to be a “convenience” account where the second name on the account has no ownership interest and is merely on the account for the convenience of E.

This problem becomes worse when unscrupulous “helpers” have figured out that it is much easier to take advantage of an unsuspecting elderly person with the help of a bank rather than trying to unduly influence the elderly person into making a new will. A savvy fraudster merely has to convince the elderly person that it might be helpful if they went down to the bank branch and have the “helper’s” name added as a “signer” to the bank account under the guise that the “helper” would be authorized to sign checks for the elderly friend. The “helper” knows full well what the ultimate consequences will be with the creation of a new survivorship account.