

## The Hidden Risks Of Payable-On-Death Accounts

**D**o you want to set up an estate plan that allows your family to avoid dealing with the probate court when you're gone? Many Floridians do. Probate can be inconvenient, time-consuming and incur unnecessary expenses.

To achieve probate avoidance, many people turn to Payable-on-Death (POD) accounts. The death beneficiary(ies) of this type of account receives the funds when the owner passes on, without the need for probate. If, for example, you name your three children as co-equal death beneficiaries of a POD bank account, the bank will distribute a third of that account to each child upon your death.



Joseph S. Karp, C.E.L.A.

Listen to **Joe Karp and Anita Finley** on Saturday, December 7 from 7:30-8:00 AM on WSBR 740AM and WWNN 1470AM and on our YouTube Channel: *BoomerTimes Presents.*

POD accounts are easy to set up. But thinking farther ahead, past the probate avoidance issue, you will see that they can present problems, particularly for those with two or more children. To illustrate this, let's use the above example, and assume you have three children who you've named as death beneficiaries of your POD account: Yes, your children will receive their portion of that account without probate. But your estate will still have expenses to pay. Those expenses will include a final income tax return and possibly medical debts and funeral expenses. If you owned a home, funds will be needed to maintain it until it is sold.

Here is the problem: Can you unqualifiedly count on each of your three kids to pay the estate expenses in equal amounts? What happens if one of your children does not want to contribute equally to paying these expenses? Or doesn't want to pay at all? I have seen cases in which one child, experiencing financial difficulties, spends all his/her POD money immediately, with nothing left to pay his/her share of a parent's estate expenses. In other cases, a child who has been the parent's primary caretaker resents siblings who expect that child to pitch in an equal amount. All this can lead to friction among your children, and a temporary or even permanent falling out.

To prevent this kind of family conflict, consider creating a revocable living trust. When properly drafted and funded, the trust can keep your assets out of probate. The trustee will use the funds in the trust to pay estate expenses, meaning each of your children effectively pays an equal share of the expenses. Your children will receive their inheritance from the trust only when all creditors of the estate have been paid. In this way, a living trust lessens or eliminates the potential conflicts associated with a POD account.

Although setting up a revocable trust costs more than a POD account, it is a good investment in family harmony.

**Joseph S. Karp** is a nationally certified and Florida Bar-certified elder law attorney (C.E.L.A.) specializing in the practice of Trusts, Estates and Elder Law.



His offices are located at 2500 Quantum Lakes Drive, Boynton Beach (561) 752-4550; 2875 PGA Blvd., Palm Beach Gardens (561) 625-1100; and 1100 SW St. Lucie W. Blvd., Port St. Lucie (772) 343-8411.

Toll-free from anywhere: 800-893-9911. E-mail: [KLF@KarpLaw.com](mailto:KLF@KarpLaw.com) or website [www.karplaw.com](http://www.karplaw.com).

Read *The Florida Elder Law and Estate Planning Blog* at [www.karplaw.blogspot.com](http://www.karplaw.blogspot.com).



## IMPERIAL CLUB

*Our all inclusive 55 or better lifestyle is designed for you to live in care-free comfort. Our residents enjoy a Variety of activities, amenities, dining options, and more while living in the best location.*

**Rents start at \$2350 and for a limited time we will pay \$1000 towards moving costs.**

2751 NE 183RD STREET  
AVENTURA, FL 33160  
305.521.7219



Se Habla Español  
[www.imperial-living.com](http://www.imperial-living.com)