

'Pay on death' accounts: Escape from probate

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What's the worst thing about death after all the gut wrenching anguish, the funeral and the empty house?

For many survivors, it's an empty bank account. Even though the dearly departed's estate has plenty of cash and other assets, many surviving loved ones are left penniless while the cumbersome behemoth called "probate" wallows in a muck of details centered on your estate. Many people fail to plan for those months or even years when estate assets are unnecessarily frozen in probate court.

Die without a will, or a lack of other planning methods designed to avoid probate, and that's where every dime winds up.

Yet, there's something people can do right now. Or, the minute the bank opens its doors on Monday morning. Transform existing checking and savings accounts and CDs into "pay on death" accounts. All it takes is a simple form. You fill it out, naming a person you would like to have direct and immediate access to your money after you die. The probate system will not be able to tie that money in knots.

After you die, the person you named to receive the money merely shows the bank proof of his or her identity and a certified death certificate.

The concept of pay on death designations also can apply to U.S. Treasury securities, various brokerage accounts, pension and profit sharing plans, IRAs and more. However, some of those require you to designate a primary beneficiary when the account is first established.

Pay on death accounts cannot be used with real estate. Property avoids probate when the title shows that two people own equal shares of the property, a situation called "joint tenancy." It means ownership of the property automatically passes to the surviving joint tenant.

Other methods to keep property out of probate include things like living trusts, but they're more complex and costly to set up. Ask your elder planner or estate attorney for more details on living trusts and other methods designed to avoid probate.

And remember that these devices are not designed to ease or eliminate additional tax burdens, which affect estates worth more than \$675,000.