

SMART PLANNER

Useful Tips for a Better Tomorrow

Spring 2019

JOINT BANK ACCOUNTS – Who Gets the Funds After the Co-owner Passes Away?

By E. Jennifer Reale

When it comes to estate planning, there are a lot of details that need to be handled, and one that can easily be overlooked is ownership of the funds in a joint bank account.



Most people mistakenly assume that if they have a joint bank account with someone, they have absolute rights to every single penny in the account.

But, that is not necessarily true in Connecticut.

Although a Connecticut general statute creates a presumption that if one of the account holders passes away, the other account holder inherits the funds in the account, that presumption can be overcome.

Who the money belongs to will depend on the circumstances of each case. Among other factors, Connecticut courts consider who contributed to the account, whether the primary contributor expressed any intent to gift the money to the other account holder, and the original purpose of adding the other person to the joint account.

There are many reasons why one person might give another joint access to a bank account, but one common scenario is a parent adding a child to an account so the child can assist the parent with bill paying and other tasks. In this example, the child does not contribute to the account, but simply has access in order to handle certain financial administrative responsibilities. If, after the parent passes away, his Will stipulates that all assets be divided equally between his two children, who should rightfully inherit the money in the joint bank account? Answer: it depends on the individual circumstances of each case.

Both the sibling who had access to the account and the sibling who did not have access may want to speak with an estate planning attorney about the best way to handle the distribution of funds from the parent's account. Until things are officially handled, however, the sibling who has access to the account should refrain from withdrawing funds, at least until he or she has spoken with an attorney. If the sibling with access does pull funds from the account, he or she may not only be required to replace the amount taken, but—if the elements of statutory theft are proven—may also be required to pay three times the damages. (For example, if the sibling took \$100 from the account, he or she may be required to return \$300.)

The sibling without access to the account would also benefit from speaking to an attorney because, if anyone did remove money from the account, there may be cause of action for the return of money.

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GOOD TO KNOW!



Want to continue your education? Set up a 529 plan for yourself and fund it with new money or with unused money from a child's account. You get the same tax breaks and benefits as any plan owner!

**"Wherever life
plants you, bloom
with grace."**

– Isabella Martin



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It's Time. Plan Today for Your Tomorrow.

LOOKING OUT FOR YOUR GRANDKIDS: 3 Ideas to Pass Along

Becoming a grandparent, like becoming a parent, is a life-changing experience. There's so much to look forward to—not only the arrival of the new baby, but also the transformation of your child into a parent.

As you may recall, that journey is filled with wonder and joy, but in the whirlwind of joyous preparation (and a thousand questions about everything from car seats and baby swings to college savings plans), some things fall through the cracks.

One important thing that gets overlooked more often than it should is estate planning.

The two estate planning tasks that are most pressing for new parents is choosing a guardian and preparing a Will. But there are also three less well-known steps that young parents should also consider if they want to ensure their child's stability and financial security no matter what happens:

1. Designating/Updating Beneficiaries

For any beneficiary-designated assets, such as IRA or 401(k) accounts or insurance policies, new parents should make sure that they have designated beneficiaries appropriately and/or have updated them if necessary. This is usually a very simple matter of filling out a form, and it's also fairly easy to update at any time.

2. Establishing a Trust

If your child would like to have a say in how your grandchild's inheritance is handled, you should recommend establishing a trust. Many people assume that a minor's inheritance automatically goes directly to the appointed guardian to be used for the care of the child, but this isn't the case.

Unless otherwise stipulated by a trust, the court controls any minor's inheritance until the child reaches the age of 18 or 21. When the court appoints someone to oversee such decisions, it will likely be a stranger. In addition, there will be fees (which will be paid out of the inheritance), and the default distribution of funds will probably involve equal lump sums to all children upon reaching the requisite age, without any consideration of variable needs, individual temperament, or parental wishes.

A trust will ensure that your grandchild's inheritance is handled according to your child's wishes, not according to the court. There are a multitude of ways trusts can be written to allow for all kinds of circumstances and preferences.

3. Planning for Emergencies and Retirement

If you were to survey new parents about their most pressing financial concern, the vast majority of them would probably say that they are most worried about being able to pay for their child's college education. While this is a justifiable concern, you may be surprised to learn that it's not where young parents should be focusing their attention.



Instead of worrying about tuition costs, it's actually more strategically sound for new parents to focus on two other areas: saving for near-term emergencies and planning for retirement.

EMERGENCY FUND

Making sure they have enough in the bank to cover 5 to 6 months' worth of expenses will go a long way toward giving young parents peace of mind. Life is notorious for throwing curve balls like injuries, illnesses, and job loss. Knowing there's enough in the kitty to cover living expenses while they rebound will make any challenge easier to overcome.

RETIREMENT PLANNING

Though it may seem counter-intuitive, the other item that is critical for new parents is retirement planning. While there are many ways to finance a college education, there isn't a bank anywhere that will lend you money for retirement. By planning for their own future financial stability, new parents are taking important steps to ensure that they don't become a burden to their child.

As a grandparent, you have the advantage of perspective and experience in all kinds of life matters, including estate planning. **Encouraging your adult child to be proactive about his or her own plans is one of the best things you can do for both your child and your grandchild.** While estate planning may not be as fun as picking out stuffed animals and adorable baby clothes, it's something that will provide a much longer-term reward. One day, they'll thank you for it. ■

Check it out...

Is the community you're considering for retirement age-friendly and supportive of retirees? Find out at The Age Friendly Advisor, at www.agefriendly.com.



Overlooked CT Destinations Worth the Trip

Take some time to adventure off the beaten path and explore some of our state's lesser-known treasures. Here are ten spots to get you started. Add them to your bucket list and plan a visit soon!

- 1 **The Beinecke Rare Book & Manuscript Library, New Haven** – a library of roughly 180,000 rare books
- 2 **Bartlett Arboretum & Gardens, Stamford** – With 12 unique gardens and more than a half a dozen trails, this gorgeous place is a living natural classroom
- 3 **Yale Center for British Art, New Haven** – You don't have to be an art lover to appreciate the largest collection of British art outside of the U.K.
- 4 **The Glass House, New Canaan** – An architectural wonder designed by Philip Johnson
- 5 **Enders Island, Mystic** – One of the most peaceful places in the state, with awe-inspiring seaside gardens
- 6 **The Hill-Stead Museum, Farmington** – The colonial revival house and art museum is set on a large estate with a one-acre sunken garden
- 7 **Sheffield Island Lighthouse, Norwalk** – Hop aboard a ferry to visit this historic lighthouse, explore the beach, or walk the nature trail
- 8 **Ireland's Great Hunger Museum, Hamden** – Take in the artwork and history related to Ireland's greatest social calamity
- 9 **Mill House Antiques, Woodbury** – Woodbury is the antique capital of Connecticut and the crown jewel is has 17 showrooms
- 10 **ON20, Hartford** – Dine with a view in this 20th-floor restaurant that has views of the cityscape that you won't find anywhere else

What does Medicare cover?



Do you ever wonder if something is covered by Medicare? There's now an app for that! The "What's Covered" app is designed to help Medicare beneficiaries directly access some of the most-used content on Medicare.gov. The free app lets traditional Medicare beneficiaries quickly see if Medicare covers a

specific medical item or service. Download it from Apple's App Store or Google Play for Android devices. ■

Joint Bank Accounts

(continued from front cover)

Although there will be many factors courts will consider, the primary focus will be the deceased parent's intent. For this reason, it's advisable to clearly define such intentions in a Will or other document well ahead of time. Doing so can save a lot of misunderstanding and potentially a great deal of unnecessary maneuvering after one of the account co-owners passes away. ■

GREAT NEWS FOR YOU . . .



We're excited to share that attorney and retired probate judge **Norman "Skip" Rogers** has joined our firm as Of Counsel.

Aimee McBride, a Care Manager for Connecticut Community Care, is now working closely with our special needs planning team. She'll be developing care plans and ensuring our trust beneficiaries are receiving all the public benefits they're entitled to.



It's Time. Plan Today for Your Tomorrow. Call us at (860) 236-7673.



To see our Adult Education schedule, visit www.ctseniorlaw.com and go to SEMINARS

- 5/28 **Ageing Mastery Program, Estate Planning**
– Geer Village, Canaan
- 6/6 **What the Heck is a Trust?** – Burlington Library
- 6/12 **Estate Planning** – Calendar House, Southington
- 6/13 **Estate Planning** – Burlington Library
- 6/13 **Estate Planning** – Cyrenius H. Booth Library, Newtown
- 6/19 **What the Heck is a Trust?** – Farmington Senior Center
- 6/20 **Estate Planning** – Fox Hill Center, Vernon
- 6/25 **Planning for Long-Term Care/Medicaid**
– Maplewood at Newtown
- 7/16 **Estate Planning** – New Milford Library
- 7/31 **Estate Planning** – Middletown Senior Center



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