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POTENTIAL PERILS OF JOINT OWNERSHIP

It is common that people own things jointly. Joint ownership is an important ownership and planning tool. However, there are a variety of legal, Income Tax, Gift Tax and Estate Tax issues and risks to consider *before* setting up (or undoing) joint ownership.

Here are just a few examples:

- Any joint owner may be able to take all of the assets from the joint account without asking anyone's permission.
- If any joint owner gets into financial trouble, the joint account could be at risk to a bank, Credit Card Company or other creditor.
- Joint ownership determines who gets the asset when you die, not your Will or Trust.
- The transfer to joint ownership may require the filing of a Gift Tax Return and trigger a Gift Tax.
- Making someone a joint owner could have adverse Federal and State Income Tax consequences.
- If any joint owner gets becomes disabled or gets divorced, the joint account could be at risk.
- Making your spouse a joint-owner also makes the asset "Marital Property" which could have significant consequences if one were to divorce.

It would be prudent to seek legal and tax counsel before creating (or undoing) any joint ownership arrangement.