

Is just adding a child's name to the title of your home a good idea?

Written by Lucky

Thursday, 14 June 2012 23:34

We've gotten this question more than once at our office, and we almost always advise against it. There are a number of reasons to keep your home in your own name, and the two biggest are: 1) Property taxes and 2) Your child's liabilities.

Problem No. 1: Property Taxes Will Increase

If you receive any property tax discounts because you are a senior, a veteran, or widow of a veteran, they will be lost if your children own the home.

Problem No. 2: Children's Liabilities Can Harm You

If you ignore my advice and transfer the home to your kids, the house is now vulnerable to their potential legal problems. With a national divorce rate of at least 50 percent, you may well live to witness a claim on your (former) home by your soon-to-be-ex daughter-in-law.

The same holds true for other types of claims. Bankruptcy, judgment creditors, or lawsuits against your children will now affect your home.

If you are not yet convinced, consider the following real-life cautionary tale:

□□□□□□□□ A judge asked his daughter and her family to move in with him after his wife passed away. One day, a lawyer friend suggested that the judge "turn the house over" to his daughter. This sounded like a fine idea. They were extremely close and he had no concerns that his daughter ever would or could jeopardize his security. Several months after title to the home was transferred, something unexpected happened -- the daughter died! Guess what she never got around to doing in her 34 years? You guessed it -- a will. Without a will your state of residence decides who will receive your property. In the case of the judge's daughter, her husband received one-half and her 4-year-old son received the other half. Dad was totally exposed. Beside himself with anxiety, he sprang for a consultation with a so-called "white shoe" law firm in New York City to assess his options. Guess what they told him? Correct -- there was nothing he could do to reverse the transfer. And, by the way, asked the attorney, "Did you file a gift tax return?" What?! There are federal gift tax-filing requirements on transfers (i.e., gifts) in excess of \$13,000 per person per year. Several months later, the son-in-law announced that he was starting to date again and it would be terribly awkward to bring lady friends to the house with his dead wife's father living there. Perhaps it would be healthier for everyone if "Dad" made other living arrangements.

(from article in [Huffington Post](#)).

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These aren't the only reasons to keep your home in your own name, however. Other reasons include:

- Your relationship with your child may not be as great as you think it is. Once the home is in their name they have no obligation to continue to let you live in it one, two or ten years down the line.
- You have more than one child. Putting your home in one child's name can cause a rift of bad feelings between siblings. The alternative, of putting the home in the names of all your children, only makes it more vulnerable to liabilities and paperwork errors.
- There are other, safer ways to avoid probate. One of those ways is with a Revocable Living Trust. A Revocable Living Trust is flexible and reliable, and doesn't have to be expensive. In fact, a Revocable Living Trust can actually end up saving your family money in the long run.

Don't make a mistake that could end up causing you to lose your home. [Contact our office](#) to discuss how we can help you protect your family and your assets from probate and liabilities.

The Law Office of Anand "Lucky" Jesrani. Your local Estate Planning Attorney. Call today: phone 530-241-3350.