

Estate Planning Quick Facts

Account Titling

Estate planning encompasses much more than a will. In order to control where assets go and how they are distributed, it is important to understand the interaction between legal forms of ownership, the basic estate planning documents, and beneficiary designations.

Legal forms of ownership can affect your estate plan, and estate taxes. Here are some basic concepts.

Individual ownership	<i>Individual ownership</i> exists when an account, or property, is simply titled in your own name, for example “John Smith.” Property titled in this way usually passes through the probate process, under the terms of your will, or if you do not have a will, to “default” heirs designated by state law.
Joint tenancy with right of survivorship (JTWROS)	<i>Joint tenancy with right of survivorship (JTWROS)</i> is a form of ownership in which two or more persons own an undivided interest in property. A deceased owner’s share automatically passes to the surviving owner(s), and is not affected by the terms in your will or trust. Joint tenancy only avoids probate on transfers between joint tenants. The last survivor owns the property individually.
Tenancy in common	<i>Tenancy in common</i> is also a form of ownership in which two or more persons own an undivided interest in property, but a deceased owner’s share does not automatically pass to the surviving owner(s); instead, the deceased owner’s share passes through probate, under the terms of his or her will.
Tenancy by the entirety	<i>Tenancy by the entirety</i> is a variation of joint tenancy with right of survivorship, which can exist only between a husband and wife. This form of ownership is recognized in fewer than half of the states. In some states, it can be used for all types of property; in others, it can only be used for real estate. Property held in <i>tenancy by the entirety</i> is regarded as belonging to the husband and wife indivisibly, and generally is not subject to claims of either spouse’s individual creditors.
Community property	<i>Community property</i> is a form of ownership applicable in nine states (AZ, CA, ID, LA, NV, NM, TX, WA and WI). In addition, Alaska and Tennessee permit married couples to elect community property treatment. In these states, the law generally provides that all property acquired by either spouse during marriage is held as community property, with each spouse having a one-half interest. Property acquired before the marriage, or property acquired by gift or inheritance, is referred to as separate property. A deceased spouse can transfer one-half of the community property, plus his or her own separate property, under his or her will or trust.

To learn more about the basics of estate planning, talk to your Financial Advisor. And be sure to work closely with your attorney and CPA to build an estate plan that fits your particular personal, financial, and tax situation.

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