

As people get older, they often decide that it could be helpful to enable one of their children to have access to their bank account to help pay bills and handle other issues. This seems like it could protect them if they were suddenly incapacitated by illness or injury. They also think this solution could also provide a way for someone to help manage financial matters if it gets hard for them to read the fine print or if they just don't feel like doing all the math.

While it is a good idea to prepare for this type of eventuality as we age, adding someone's name to your bank account is not the best way to do it. I'll explain why and offer a better alternative.

### The Consequences of Adding a Name

When you add your child's name—or anyone's name—to your bank account, you are doing much more than simply giving them access to your account information and funds. You are making them a co-owner of everything in that account.

Why is that a problem? Any of your child's creditors can see that they own those funds and they can come after them. Your child may be responsible with money and may have an outstanding financial record. The prospect of their creditors taking your money may not worry you at all. But it should. One accident could change everything.

Your child could be sued by a pizza deliverer who slipped on their front porch. They could be sued as the result of a car accident where they were only marginally at fault. Under the comparative fault rule, if your child is involved in an accident where several parties contributed to the cause, someone who is 45% to blame for causing an accident could sue your child for their degree of fault, and the judgment could be substantially over the limits of their car insurance. The lawyers might look to your bank account as

the deep pocket to reach for next. The assets in your account could be gone before you know it.

The bottom line is that even if the risk seems low, it's best to avoid it if you have another option. And you do.

## Instead of Adding Your Child to Your Bank Account...

You can accomplish your intended result without giving creditors access to your money by having your estate planning attorney prepare a financial power of attorney. This gives your child or whoever you choose to serve as your agent the ability to manage and spend your funds but it does not make them an owner of those funds.

The distinction can make a huge difference. Your attorney can set up the power to take effect immediately or it can be set up to only take effect if a certain condition occurs, such as if a doctor declares you to be incapacitated.

## The Nordhaus Firm Can Help You Protect Your Assets and Your Independence

The experienced team at the Nordhaus Firm can prepare a financial power of attorney to grant exactly the right amount of authority to your chosen agent to enable them to assist with your finances according to your terms. We can give them access to all accounts or only specific funds or restricted circumstances.

Contact us today to learn more about the ways we can protect you while preparing for

## Why You Shouldn't Add Your Children to Your Bank Account

the future.