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When Opening a Bank Account, Just Say “NO!”

There are a number of ways to leave property to your loved ones after your death. Bank accounts, particularly those in joint names or with specified beneficiaries, are often used for this purpose. Anyone who has opened an account recently knows the drill. A customer service agent or “bank representative” offers to assist you. You describe the type of the account you want to establish (checking, savings, certificate of deposit) and indicate the opening deposit. In the event you are unfamiliar with the various types of account, the bank representative will explain the options. You are given forms to complete and then the crucial question arises: To whom do you want the money to go upon your death?

Most people are not sure how to answer this very complex question. Sometimes the bank representative is insistent that a beneficiary be designated. Sometimes they suggest that you actually title the account in joint names with your beneficiary. Sometimes the reasons they provide may sound compelling - but, unfortunately, their helpful suggestions are often misplaced. In most cases, bank representatives are unfamiliar with your family and its issues. Keep in mind that they are not lawyers, are not trained in tax matters, and generally do not know the intricacies of elder law and estate planning. Despite their good intentions, they may give you advice which will result in adverse consequences for you and your family.

Opening a new account is not a difficult task, but there are issues you should consider before going to the bank. For instance, if you are married, your spouse has a legal right to a portion of the property you leave at your death. Although children are often the beneficiaries of their parents’ estate, this is not mandatory. If, in listing beneficiaries on an account, you name your children and one dies before you, the surviving children inherit and you may have unintentionally disinherited the children of that pre-deceased child. Before you go to the bank know what it is that you want to accomplish. Seek the advice of your estate planning attorney so that you understand the consequences of designating a beneficiary - or more than one. Make sure that what you do with the account does not jeopardize your overall estate plan.

If a bank representative encourages you to deviate from your plan and title your account differently, just say “NO!” If the bank representative makes suggestions about designating one or more beneficiaries, just say “NO!” You can always make these selections at a later time. Remember, a mistake in your estate plan may not be correctable! If you become ill or incapacitated, or die, there may be no way to accomplish your real objective.