



Case Study 6

Organize, Communicate, Prepare

The dangers of making someone a co-owner of a bank account as joint tenants with right of survivorship

Mary is a widow with three children. In her will, Mary leaves her property equally to her three children. As Mary gets older, she is concerned that she may become ill and forget to pay her bills. She wants to give her youngest child, Jane, legal authority to write checks and make deposits in her account. She and Jane open a joint account with a right of survivorship. As Mary's health declines, she sells her house and her farm and deposits the sale proceeds in her bank account. Eventually, everything she owns is sold and the money is deposited in her bank account. To test your knowledge, take the quiz below, and select the **best** answer for each question.

1. The bank account may be subject to Jane's (her youngest child's) creditors.
 True
 False
 It depends
2. Jane could withdraw the entire amount in the bank account and deposit it in another account in her name only.
 True
 False
 It depends
3. Mary has made a gift of one half of the account to Jane.
 True
 False
 It depends
4. At Mary's death, what will happen to the bank account she co-owns with Jane?
 A. It will be split equally between her children as directed by her will.
 B. Jane will get all of it.
 C. Jane will get all of it, but she will be required to share it with her brothers and sisters.

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5. Instead of opening a joint account with right of survivorship with Jane, Mary had the following options:
- A. She could have opened a personal agency account naming Jane as her agent.
 - B. She could have executed a durable power of attorney naming Jane as her agent.
 - C. She could have signed a card at the bank giving Jane authority to make deposits and withdrawals from her account.
 - D. All of the above.

Adapted for use in the Legally Secure Your Financial Future program; prepared by [Carol A. Schwab](#), J.D., LL.M., former professor and Extension Specialist, NC State University.

Reviewed for North Dakota use by Paul Murphy, Attorney at Law, Murphy and Spahr Law Office PC, Carrington, ND, January 2006.

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Answers

The dangers of making someone a co-owner of a bank account as joint tenants with right of survivorship

The following answers are based upon North Dakota law as of January 2006. The laws in other states may be different. Laws are subject to change, so please ask your attorney for answers to specific questions.

1. The bank account may be subject to Jane's creditors.

ND answer: True

2. Jane could withdraw the entire amount in the bank account and deposit it in another account in her name only.

ND answer: True

There is currently no gift tax in North Dakota.

3. Mary has made a gift of one half of the account to Jane.

ND answer: It depends

4. At Mary's death, what will happen to the bank account she co-owns with Jane?

ND answer: B.

Jane will get all of it.

5. Instead of opening a joint account with right of survivorship with Jane, Mary had the following options:

ND answer: D. All of the above.

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Reviewed and adapted for North Dakota use by Carrington attorney, Paul Murphy, January 2006.

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