

## POD & TOD

**Setting up accounts that utilize a POD or TOD will serve to avoid probate; however there are other issues that may be unfavorable depending on the goals of the client:**

- Children of the estate receive everything at age 18
- No protection for the heirs, such as bankruptcy, divorce, creditor and lawsuit (an entire inheritance can be lost to any one of these things)
- No direction of inheritance for the heirs once they pass away. It could end up in the hands of someone other than what their wishes were
- With a POD or TOD, the Financial Power of Attorney most likely will be asked to set up a conservatorship when the estate owner is permanently incapacitated. This requires a court proceeding which is costly and timely. They are then required to report back to the court on a regular basis
- With a Living Trust, a Financial Power of Attorney can handle financial matters when the estate owner is permanently incapacitated with no red tape and no requirement of a conservatorship
- Using a POD or TOD leaves the individuals handling financial matters and settling an estate at the whims of the financial institution