



The Law Offices
of Jeffrey S. Salisbury



Clients & Friends Newsletter

April 2011

How are you doing?

There has been a lot going on in the world since my last electronic newsletter. Between the catastrophe in Japan, the war (am I allowed to call it that?) in Libya, and the budget battles in Congress, life has been far from boring! I find it valuable in times like these to do two things. First, I try to remember that I am just me, that is one person, with a limited sphere of influence. This takes some of the pressure off of being so frustrated about things that are largely out of our control. Second, I concentrate on trying to keep my own house in order, so I focus on things like maintaining good relations with friends and family, paying down credit cards, and making sure my investments are prudently positioned. The funny thing is that, despite all of the woes of the world, the sun keeps coming up each day, the grass remains green, and life can be good—even if difficult things beyond our control are occurring everywhere!

Tip of the Month!

I wanted to talk about property ownership this month. Many people are under the impression that they can avoid probate and avoid other difficulties by putting their home in joint name with their spouse or putting their bank or investment account in joint name with their children. While it is true that joint ownership will avoid probate, there are hidden problems of which you should be aware. In joint ownership with your spouse, the problem does not occur when the first spouse passes away, but on the death of the surviving spouse. At that time, the house or other property is subjected to probate with all of its costs, delays and hassles. With regard to owning financial accounts with a child jointly, there are two problems. Many times when the parent dies, the child is reluctant to share the account with his or her siblings, even though that is what the parent wanted. The power of rationalization never ceases to amaze me! The second problem is that the financial account is exposed to the creditors of the child. In other words, if your child is on an account with you, and he or she goes through a divorce or gets hit with a lawsuit judgment, your financial account can be swept away to satisfy either problem. The best way to avoid joint ownership pitfalls is to establish a living trust and fund it properly. The message here is that it pays to take the time to do proper estate planning. As someone wise once said, "Once you have discovered there are no shortcuts in life, you've discovered the shortcut!"

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