



Brockett's Ag Advice

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Property Ownership

Joint - With Rights of Survivorship - Other Than Husband and Wife

Some people use this form of ownership as a partial will that hopefully reduces the cost of

property transfer after death.

Advantage - Property owned this way will go to the surviving owner.

Disadvantage - A share of the property may be taxed on the death of an owner whether that person put all or none of the asset

value into the property. Example: Mother puts son on a certificate of deposit as a joint owner. The son dies - the mother could wind up paying taxes on her own property. A bank account could be cleaned out by one of the owners.

Suggestion - If you use this form of ownership, do so with a lot of discretion.

Tenants In Common - Husband and Wife

A favorite of many estate planning specialists, especially those interested in using by-pass or non-marital trusts.

Advantage - The property is owned by husband and wife in equal shares presumably would be

difficult to sell without consent of both parties. The share or portion owned by each spouse can be willed in any way that person desires unless prior commitments had been made. If used properly, it could wind up saving a total family estate a lot of estate and inheritance taxes. The first spouse to die can have a say in the transfer of the property.

Disadvantage - The only way it will save on total taxes is if each owner's share is willed to someone other than the surviving owner or to a trust. It can result in reduced efficiency of the farm operation if the farm operator has to be responsible to a trustee for half of the farm. There will be PA inheritance taxes on the death of the first spouse.

Suggestion - Make use of this type of ownership for cattle and/or machinery. Be hesitant on using it for farm real estate and a residence.

other words, each party owns an interest or share of the property. It can be willed, given, or sold to anyone else unless prior agreement prevents this from happening. Property owned in this manner must be handled in the same way as individually owned property. It can be used to fund a trust, sold on an installment sale, or left in the business. Any type of property can be owned this way. It does provide more flexibility to an individual than the joint with survivor rights method.

Individual

Rather than own bank accounts, mutual funds, stocks, etc. jointly, it may be advisable to own them individually. They can then be used to fund trusts or be willed or gifted to individuals. Remember that all individually owned property is taxed by Pennsylvania. It may be taxed by the Feds if it exceeds a certain level unless willed to a spouse.

Custodian

This is a valuable way to retain some control on a child's assets without actually owning them.

Tenants In Common - Others
Partnership assets are often owned as tenants in common. In



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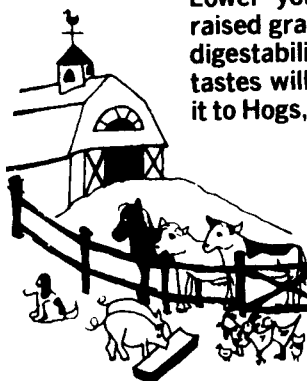
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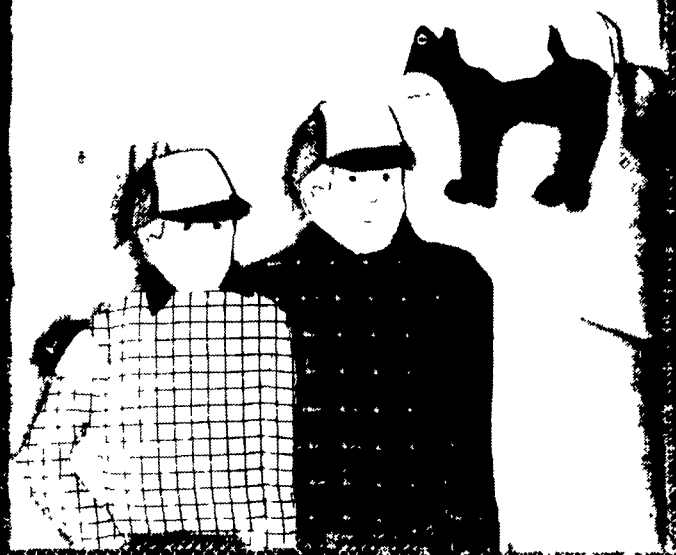
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