

# SMART AGING *Update*

NEWS AND IMPORTANT INFORMATION FOR SENIORS AND THEIR FAMILIES



## The Hidden Risk of “Convenience Accounts”

Second Quarter 2026

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It’s one of the most common “quick fixes” we see, and usually the most misunderstood. Did you know that adding a child to your bank account can quietly unravel a carefully built estate plan? Most people do this for convenience, so kids can help a parent pay bills, manage their online banking, or simply have accessibility if something happens.

So, they walk into the bank and add a child to the account. Easy enough. Problem solved. Except... it often creates a new set of problems that no one intended.

What feels like a simple act of convenience can carry legal and financial consequences that ripple through an estate plan and can directly impact Medicaid eligibility.

#### What are the Hidden Risks?

The first issue is that you may have just made a gift (even if you didn’t mean to). When you add a child as a joint owner on an

account, you’re not just giving them access, you may be giving them ownership rights.

From a Medicaid perspective, that matters. If the child withdraws funds, those transactions can be viewed as gifts. And if Medicaid is on the horizon, those “gifts” can trigger penalties during the five-year lookback period. What the family viewed as “helping Mom pay bills” can be interpreted very differently by the agency reviewing the application. Intent doesn’t always control.

Another common assumption: “I added my daughter because she’s the one helping, and she’ll divide things fairly later.” That may be the hope, but legally-speaking, that account often passes entirely to the joint owner by right of survivorship. That means a couple of different things:

- It likely will bypass the Will or Trust entirely, so any instructions for distribution of that account that are

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in the Will or Trust won't matter (or, won't be binding on the person who received the account)

- It may disinherit other beneficiaries unintentionally; the person who inherits the account is not legally obligated to give anything to anyone else. This can create tension (or worse) among family members who expected a different outcome.
- If the child who inherited the account does choose to share it with others (like siblings or other beneficiaries), now there are tax implications to consider for that child.

Even in the best families, this is where misunderstandings begin.

And then there's this common misunderstanding, which could be the most detrimental. When you add a child to your account, their financial life becomes relevant to yours.

If that child goes through a divorce, has creditor issues, or faces a lawsuit, the jointly held account may be exposed. Funds that were meant for your care and security could be pulled into disputes that have nothing to do with you. It's an uncomfortable reality, and no one at the bank is having that conversation with you.



## What's the Alternative Solution?

Most of the time, what clients actually want isn't to give the money away; they just want help managing it. That's where proper planning comes in.

A well-drafted Power of Attorney can authorize a trusted individual to handle financial matters without transferring ownership. In some cases, a revocable trust or even a “convenience account” structured correctly (and documented clearly) can accomplish the same goal, without the unintended consequences.

The key difference is access without ownership.

Adding a child to a bank account feels simple. But it's also a decision that can override your estate plan, create Medicaid complications, and expose your assets in ways you never intended. If you or a loved one has taken this step (or are considering it) it's worth a closer look. A short conversation now can prevent a much more difficult situation later.

Because in elder law, it's rarely the big, complex strategies that cause the most trouble. It's the small decisions no one realized were decisions at all.



# Medicaid Planning for the Childless Client

A lot of elder law planning quietly assumes something that isn't always true: that there's a child in the picture. Someone to step in. Someone to help manage finances. Someone to advocate during a health crisis. Someone to eventually carry out the plan.

But for some clients, they either don't have children, their child has predeceased them, or perhaps their child lives so far away that it's unreasonable to use the child as a planning option.

And it's important to say this clearly: Medicaid planning for a childless client isn't more difficult—it's just different. In many ways, it invites a more intentional, and often more streamlined, approach.

## 1. Choosing the Right Decision-Makers

Choosing the right decision-makers should always be a thoughtful, intentional decision - but many times, people default to their children, or specifically, their oldest child. But when there's no "obvious default" every role becomes a thoughtful choice.

Who will serve under a Power of Attorney, to make legal and financial decisions?

Who will make healthcare decisions?

Who will act as trustee, or handle things after death?

For some clients, that's a sibling, niece, nephew, or close friend. For others, it may be a professional fiduciary such as an attorney, CPA, or trust company. What matters the most is the person's reliability, judgment, and a willingness to serve.

And in many cases, these intentionally chosen decision-makers end up being better fits than the "automatic" choice we sometimes see in more traditional family structures.

## 2. Building a Plan That Doesn't Rely on Informal Support

When a client has children nearby, there's often an assumption that they will be there, ready and willing to help with rides to appointments, advocacy during a hospital stay, managing financial affairs. But without children as the "built-in" support system, the plan itself needs to do more of the work.

These appointed agents need to understand their role and responsibility. That might include:

- Clear, comprehensive Powers of Attorney,
- Thoughtfully structured trusts,
- Care coordination planning, and
- Identifying professional resources ahead of time.

In other words, we replace assumptions with structure.

## 3. Medicaid Planning Still Works—Just with Different Tools and Priorities

Remember, the core principles of Medicaid planning don't change. Asset protection strategies, spend-down approaches, and eligibility rules all still apply. But the way we implement those strategies may look a little different.

For example:

- There may be less emphasis on transfers to children and more focus on trust-based planning,
- Greater attention may be given to who will manage protected assets, and
- Planning may incorporate professional trustees or pooled trusts where appropriate.

It's not a limitation, it's simply a shift in the approach.

Without proactive planning, childless clients are more likely to have decisions made by institutions or courts, simply because no one has been formally named. That's where we see guardianships, delays, and a loss of control over financial and healthcare decisions. But with the right documents and the right people in place, that outcome is entirely avoidable.

In many ways, planning for a childless client removes assumptions and forces clarity. Every role is chosen deliberately. Every decision is documented. Every piece of the plan is built to function without relying on or merely assuming "someone will step in."

If your situation doesn't include a built-in support system, that doesn't mean your options are limited. It simply means your plan should be designed with intention. And when it is, it can work just as effectively—if not more so—than any other.

## A PERSONAL NOTE FROM KIMBERLY

Dear Clients and Friends,

Reading through this issue, I'm reminded of why this work matters so much to me. Estate planning isn't just about documents — it's about protecting the people you love and honoring the life you've built.

The decisions we make today — even the seemingly small ones — shape what happens tomorrow. If something in this newsletter resonated with you, that's worth paying attention to.

I'd love to sit down with you to review your plan and make sure it's doing everything you need it to do. A short conversation now can make a meaningful difference later.

With gratitude

