

Planning for your assets at death

Transfer-on-Death (TOD) Deeds

Transfer-on-Death deeds can help you avoid probate.

A Transfer-on-Death (TOD) Deed is a deed to real property that allows you to name a beneficiary. When you die, the property passes to the TOD beneficiary you named in the deed. Normally, if you own real property in only your name, a process called “probate” is required when you die to remove your name from the property and put the property in your beneficiaries’ names. Instead, you have the option of naming another person as the TOD beneficiary on the property deed to avoid probate.

A TOD Deed has disadvantages.

Unfortunately, a TOD Deed may not be a good option for many people. When using a TOD Deed, your beneficiaries may not be able to sell the property for a period of 18 months after you die. Generally, the property could be sold much sooner by simply going through probate. However, for certain people, a TOD Deed can still be a useful option.

Planning for your assets at death is important for the people you leave behind.

There are default rules about who receives your property at death, but your wishes may be very different from the default rules. Creating a plan is particularly important if you want to include loved ones outside of the “traditional” roles. For example, couples who are not married would not normally inherit from each other under the default rules, but they can use a TOD Deed to transfer property to each other at death. Friends, step-children, and charities are also not included under the default rules, but you can name them as a TOD beneficiary to transfer property to them. Sometimes, a TOD Deed may be just one part of your plan, and you might choose to create a Will or a Revocable Living Trust in addition to a TOD Deed.

Get started.

It’s best to speak to an estate planning attorney about whether a TOD Deed is right for you.