

# What's in a title? A lot

You've found the home of your dreams! It is an exciting time. But in the euphoria of the moment, you'll want to give some real thought to how you'll hold title. The money you save could be your own.

There are four basic ways to hold title to property: sole ownership, joint tenants with right of survivorship (JT-WROS), community property with right of survivorship and tenants in common. Let's take a look at each method of ownership and explore some of the issues surrounding each one.

Sole ownership means one person owns the property

and is the sole decision-maker. He or she can sell it or give it away. In a divorce, any property titled legally in sole ownership is not subject to division. At death, the property can be given to any person or entity that the owner specifies by will or trust. Sole ownership generally carries the least restrictions.

Title held as joint tenants with rights of survivorship means two or more people own the property, usually in equal shares. One person can sell his or her own share but the seller must have the consent of the other tenant. If married joint tenants are

divorcing, the property is considered marital property and subject to division according to the divorce decree. If, however, one of the tenants dies, the decedent's share of the property passes to the surviving joint tenant(s). This means you get to avoid probate and a sometimes lengthy court process.

In California, married couples may own property as community property with rights of survivorship, which is essentially the same as joint tenancy, except that the entire property receives a step-up in the tax basis upon the death of one spouse. Since

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## Financial Focus



this option came into effect in 2001, this seems to be the most typical way that married couples in California now hold title.

The key difference between ownership as tenants in common and joint tenancy is that each individual owner has a distinct, proportionate, undivided interest in the property. That interest is freely transferable by inheritance and is subject to the creditor claims of the particular owners. Two or more people can share in

the ownership of the property and each owner can freely sell, assign his share without permission of the others.

Taking title to property incorrectly can cost you big bucks. Consult an experienced real estate attorney if you have any doubts about how to best take title to your property.

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