

Business

**Should you make your adult kids joint owners of your GICs? Plus, the Stable Dividend portfolio proves its worth; A roundup of investment ideas for active investors**

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1152 words

27 February 2023

The Globe and Mail (Breaking News)

GMBN

English

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With more money going into guaranteed investment certificates, there are also more questions about how to use these supposedly simple investments.

A question that I hear a lot lately is whether seniors buying GICs should list their adult children as co-owners. The idea here is to bypass the potentially lengthy and costly probate process on the death of the parent. The adult kids would instead become owners of the GICs.

“I am in my late 80s, with only GICs (love the interest rates!),” one reader wrote. “To avoid probate when I die, I have put all these GICs in joint with my two daughters. Will this work. do you think?”

Deposit broker Mary Rygiel of Conservative Investors’ Services said some of her clients are registering GICs jointly with children. As part of the process, she makes sure they understand the risks.

For example, Ms. Rygiel said in an e-mail that if a child declares bankruptcy, the trustee can go after non-registered GIC money. Also, registration for a GIC is usually in an “and/or” format, which means the adult child could get access to the funds at maturity. “Not all children disclose their financial situation to their parents,” she wrote.

One more risk is that a child listed as joint owner gets divorced. The GIC could end up being included among assets that are shared between the spouses.

An alternative to making your adult kids joint owners is to use the insurance company version of the GIC. Rino **Racanelli**, an insurance adviser, said it’s possible to add adult kids as beneficiaries on these GICs. On your death, the GIC would bypass probate and become the property of the beneficiary.

An advantage of using insurance company GICs is that the parent retains full control by eliminating joint owners, Mr. **Racanelli** said.

Wealth adviser Elke Rubach said it’s important for people adding adult kids as joint GIC owners to be clear on the purpose of the arrangement so that there are no disputes after death.

“Let’s talk about an example where I am 75 years old and I want to add my kids to a GIC,” Ms. Rubach said. “Am I documenting the intent of that joint ownership? Because then when I die, my other kids could fight over it. It could get miserable for everyone, and then the executor has to go through hell.”

-- Rob Carrick, Globe and Mail personal finance columnist