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Speaker One

Welcome. My name is Andrew Baron, and this is, Well... It Depends! The podcast where I address financial decisions that can't be answered with a simple yes or no. In this episode, I ask the question; What to do with inherited and jointly owned property? But before we begin a short disclaimer. This is being recorded on June 13th, 2023. The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice.

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It is important to consult with a professional before making any financial decisions as the strategies discussed may not be suitable for you specifically.

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What to do with inherited, jointly owned property? Well... It Depends! Picture this... you and your siblings just inherited a piece of property from a dear family member, and now you all own it jointly. What do you do with it? Do you keep it? Do you sell it? Do you rent it?

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As always, on this podcast, the answer is – Well... It Depends! Emotional attachment can greatly influence the decision-making process. Some family members may have deep ties to the property, while others may simply see it as a financial asset and want to sell it. It's important to be open and respectful during discussions until all parties come to a consensus. Mediation can be available if there is significant disagreement.

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Next up brings us to financial implications. The value of the piece of property is greatly dependent on the local real estate market. You'll need to know whether it is a buyer or a seller's market, as this could impact your decision to sell or hold the property. Next, you'll need to be aware of any outstanding mortgages or liens against the property.

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Speaker One

These can be settled upon a sale or refinancing in your own name if you decide to keep the property while there is no federal inheritance tax. There are six states that do have one and you'll need to account for this regardless of your other decisions. If you decide to sell the property, profits will be taxed at capital gains rates. While if you decide to rent the property, any money generated will be subject to income taxes.

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If you decide to keep the property, it's crucial to be aware of ongoing costs such as insurance, taxes and maintenance. If the costs are significant, it may impact your feasibility of keeping the property.

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Additionally, you need to discuss with the other owners whose responsibility it is for these tasks. Renting out the property can provide an income stream, but also brings with it other responsibilities such as finding tenants, addressing repairs and dealing with any potential legal issues. If none of the owners have the time or expertise for this.

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You may need to hire an outside company which has an additional cost to factor in. It's important to plan for the future in which circumstances change. One owner may want to sell their share in the future, or there may be disagreements about how the property is used to get ahead of this. It may be helpful to draft a co-ownership agreement specifying how the property will be used, costs will be shared and how buyouts will work.

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To recap - Before deciding whether to keep, sell or rent the property, it's important to discuss with the other owners any emotional attachment anyone has to the property, as well as the financial implication of each of the options. Remember, it's important to have a plan in case things change in the future so that everyone can remain objective and not let emotions get in the way.

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Speaker One

So to answer the question what to do with inherited jointly owned property? Well... It Depends!