

Pros and Cons of Using a Lady Bird Deed in Michigan

✓ PROS

1. Avoids Probate

- The property passes automatically to the beneficiary upon your death—no probate required.

2. You Keep Full Control During Your Lifetime

- You can sell, refinance, or change your beneficiary at any time without the beneficiary's permission.

3. Simple and Low-Cost

- It's typically cheaper and easier than setting up a trust for just one property.

4. Medicaid Protection

- Michigan allows Lady Bird Deeds to avoid Medicaid estate recovery after your death.

5. Avoids Gift Tax Issues

- The transfer isn't considered a present gift, so gift tax issues are avoided.

6. Step-Up in Basis

- The beneficiary receives a step-up in tax basis to market value at the time of death.

✗ CONS

1. Limited to Real Estate

- Only applies to real estate—other assets may still go through probate.

2. Not Ideal for Complex Estates

- For blended families or complex plans, a trust offers better control.

3. Possible Title Company Hesitation

- **Some title companies may be unfamiliar with Lady Bird Deeds.**

4. Potential Conflict Among Heirs

- **Unequal distributions can lead to disputes.**

5. Risk If Not Properly Recorded

- **If the deed isn't drafted or recorded correctly, it may not work and could lead to probate.**

□ When Is a Lady Bird Deed a Good Idea?

A Michigan Lady Bird Deed is often a great option if:

- **You want to leave your home to a specific person.**
- **You want to avoid probate without a full trust.**
- **You're concerned about Medicaid estate recovery.**
- **You want to retain full control of your property while living.**