

Financially Speaking
With Trisha Arndt, CFP®

Be Prepared for the Unexpected with a Durable Power of Attorney

I have a confession to make.

Recently my mother was hospitalized due to a serious complication of a chronic condition and I was not prepared for it. I'm not talking about an emotional lack of preparedness – which I certainly experienced – but who ever really is emotionally prepared for a loved one to face serious health issues? No, I have to confess that I wasn't logistically prepared for it.

You see, over the years I have suggested to my parents a number of times that they needed to prepare basic legal documents – wills, health care advance directives (i.e. living wills) and durable power of attorneys. My mother, like many others, really dislikes talking about anything “morbid” like that so I have always just let the issue drop.

My mistake and I admit it fully.

As in many households my parents' each have certain roles that they fill and my mom has always been the one to handle any paperwork, pay the bills, organize the affairs of my disabled uncle, etc. So with her incapacitated and my father focusing his time and energy on being with her I felt the need to step in and take care of all of the logistical issues – coordinating her family and medical leave, filing for disability and making sure the crucial bills like health insurance were paid on time.

It certainly would have been a lot easier if she had a Durable Power of Attorney in place before this all happened.

Simply defined, a Power of Attorney lets an individual appoint another to act on his or her behalf. Sometimes a Power of Attorney is used for a limited purpose – such as to allow another to handle the closing on a real estate purchase – or they can provide more broad powers to act on someone else's behalf. A Durable Power of Attorney specifically spells out that it will remain in effect if the grantor (the person authorizing the other to act) becomes incapacitated.

Generally a Power of Attorney is revocable at any time and can be written to only become effective if the grantor is incapacitated (as defined by the document and interpreted by the courts). Typically a Power of Attorney does not cover health related decisions – those are covered separately by health care advance directives and/or a health care power of attorney.

In my mother's case having the Power of Attorney in place ahead of time would have allowed me to take care of their banking and much of the seemingly endless stream of

paperwork without having to bother her and expose her to any potential stresses related to what needed to be completed.

Over the years I have seen Power of Attorneys used to take care of a whole host of matters ranging from paying bills to signing leases and selling cars. They can come in quite useful when someone is on an extended vacation or when health or aging issues arise.

As with anything with potentially significant legal ramifications you want to enter into such an arrangement cautiously, making sure you understand exactly what you are entering into. Obtaining comprehensive legal advice on such matters is crucial as every individual's circumstances are unique.

If you feel that having a Power of Attorney in place may be beneficial today or in the event of an unforeseen future circumstance consider meeting with an attorney to have one prepared. Don't make the same mistake I did by hoping that it will never be needed.

Have a financial question or a topic that you'd like to see a column on? Email me at Trisha@wealthstrategies.biz.

Trisha Arndt, CFP[®], is president of Wealth Strategies of Wisconsin Ltd, 535 Half Mile Road, Ste 5B, Verona, 848-2400. Securities and Investment Advisory Services offered through Commonwealth Financial Network, member FINRA/SIPC, a registered investment adviser. Wealth Strategies of Wisconsin Ltd and Commonwealth Financial Network are separate and unrelated entities.