

BENEFICIARIES AND POWERS of Attorney

The end of year holiday season is upon us and as we gather around the holiday meal table, crackling fire or Christmas tree we have the opportunity for family discussions about topics that warm the hearts of all financial advisors, beneficiaries and powers of attorney. Joking aside, these are serious topics that are frequently overlooked and easy tasks to accomplish.

Let's start with a power of attorney for healthcare. All too frequently, the time we realize we need this is after the need arises. We frequently anticipate the need and get a POA for healthcare for aging parents or relatives, but we don't think about it for ourselves or children. Would we want to receive a phone call regarding a hospitalized child over 18 where they want your medical insurance information, but will not give you information on your child's condition and your child is unable to speak for themselves? It could happen. If your child is living or attending college out of state, the state may have its own form of POA for healthcare that differs from the Illinois form. Putting this document in place for everyone and letting everyone know who is designated as everyone's agent and contingent agents can be accomplished when families are together and a much easier discussion when the need is not upon you. Letting everyone know where the signed documents are kept and who has copies is also anticipated, many forms of the healthcare POA allow for more specific directives for specific situations.

Making sure beneficiaries are named for assets where the option is available is also an important task that should be reviewed. Accounts with specified beneficiaries can be transferred in the event of a death immediately without having to wait for estate settlement delays. Retirement accounts such as IRA and 401(k) accounts can have named beneficiaries who can even choose to extend the benefits of the tax deferral of the account if it comes to that. Accounts titled as joint with rights of survivorship will go to the joint titleholder, but a young single may want to consider titling the account as "transfer on death", naming a transferee such as a parent or sibling to avoid delays in estate settlement, especially in the absence of a will. Beneficiaries and named transferees should be informed and accounts identified, so that if the unthinkable occurs, dealing with financial matters is straightforward and does not distract from more pressing issues. Even college savings programs should have a named successor to the parent on the account.

Another power of attorney worth considering sooner than you think is the power of attorney for property. Different than the POA for healthcare, this allows for another person to act on your behalf for a variety of business affairs. It can be narrowly defined as to subject and time, or broad enough to cover just about any personal business activity. Having such a POA in place can be very important in the event you are incapacitated or just out of the country. Again, this is a document that is frequently put in place for an

elderly family member, perhaps after the first realization that it is needed, adding to the stress of a stressful situation. Having it in place, knowing who is the named agent or agents and where to locate the document can be a relief when needed.

These should not be difficult discussions in the absence of an imminent need and having these issues understood and documented can be a great relief when the need does arise. When a loved one needs our care and concern, we do not want to be scrambling for documents or in the dark as to their condition or wishes. We do not want those we would designate excluded from key decisions. After the turkey, ham and dressing, clear the table and open the discussion. It has to be better than talking politics in today's world.

There are generally forms for these documents available for each state in template form. More complicated situations may require the involvement of an attorney. Retitling of accounts can be handled through the financial institution where the account is held.

As with so many things in our lives, preparation is so much easier than remediation.

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