

FINANCIAL POWER OF ATTORNEY

A Financial Power of Attorney (POA) is a document that allows a Third Person (Attorney in Fact) to execute financial documents for you when you are not capable of executing your own financial documents.

Why would a person not be able to execute their own financial documents? There are many reasons why a person could not execute their own financial documents. The most common reasons would be mental incompetence, physical disability, or physically not being present to execute the documents. A large percentage of the population will experience the need for a Financial POA in their lifetime.

A Financial Power of Attorney can only be executed by a person when they are mentally competent. Often it is only realized that a person needs a Financial POA after the person has a medical issue or has difficulties managing their finances. At this point, it is too late for the person to execute a Financial POA to allow a third person to help them with their financial issues. If it is determined that a person needs a Financial Power of Attorney after they become incompetent, then the incompetent person's family often has to file for a Conservator to be appointed by a local Court. Filing for a Conservator with the Court can be expensive and can put a family at odds when allegations of incompetence are placed in contest in a public hearing.

Some people believe that if they put another person's name on their financial accounts that this will resolve all of their financial issues. Actually, this has the potential of making things much worse. By placing another person's name on a financial account or on their house, they may have just subjected themselves to all problems of the joint owner, such as bankruptcy, divorce, child support, judgments, etc. Furthermore, just because someone's name is on an account with them, the joint owner will not be able to make major decisions for them, like settling an insurance claim or handling a legal matter.

Young and old adults should discuss with their legal advisor the merits of executing a Financial Power of Attorney. Remember that a Financial Power of Attorney can only be executed when you are legally competent, so you should not put off this discussion with your financial advisor.