

BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

Help Protect Your Elderly Parents' Assets

As your parents age, they may no longer be as alert as they once were to threats to their assets. If you worry about your parents' financial affairs, you should consider helping them develop a plan that can protect their money and property. One of the first steps you may want to take is to encourage each of them to execute a power of attorney in advance of any need.



Understanding Power of Attorney

At its simplest, a power of attorney is a document that gives another person legal authority to act as specified on behalf of the individual granting such authority. A power of attorney that authorizes a trusted person to manage financial affairs can go a long way toward ensuring that an individual's assets will be well cared for should the need arise.

Flexibility and Choice

It's a flexible arrangement in that the power of attorney can be as broad or as narrow in its terms as its creator wishes. If desired, limits can be placed on the assets subject to the power of attorney and the conditions under which the power holder has the authority to take actions. Moreover, as long as the creator of the power of attorney is competent, he or she can change or revoke it at any time.

Obviously, the person selected to have power of attorney should be trustworthy and capable of making prudent and measured financial decisions. The person selected might be you, another family member, or a professional you and your parents know and trust. If you have siblings, you and your parents should take the time to discuss this matter with them and come to an agreement before the power of attorney documents are signed.

In certain situations, it can make sense to appoint more than one person to serve as power of attorney. For example, your parents could choose a professional manager to handle their investments and a family member to make other personal financial decisions.



Just be aware that a power of attorney is protection that must be arranged ahead of time. An attorney can explain what is involved in this undertaking and take care of the paperwork.

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