

# Planning for Life's Unexpected Turns

When we are young and fearless, not yet aware of our own mortality, we do very little forward planning. However, as we grow older and take on greater responsibilities, we begin to address the future differently. We may use that new foresight to develop a retirement plan and create wills to provide for our loved ones. However, we often fail to prepare for circumstances – accidents, illnesses, mental decline – which could impact our abilities to make reasonable decisions and meet our daily needs. Anticipating these kinds of challenges requires only a few documents to appoint someone you trust to make decisions on your behalf. It's never too early to start.

## Power of Attorney (POA)

A POA names an “agent” who can act as your financial and legal representative. There are three main forms of POAs, though their names and how they're constructed may differ from state to state.

- **Limited POA** – defines that you are granting your agent financial power for specific instances, such as a bank account or specific real estate transaction.
- **Durable POA** – the most common and comprehensive POA, which becomes effective upon signing and remains in effect if you become incapacitated. You may give it to your agent directly, or keep it in your files or with an attorney so your agent can find when needed.
- **Springing POA** – takes effect only if/when you reach predefined levels of incapacity. You must be declared incapacitated before it takes effect, which can restrict your agent's ability to act at an important juncture in your life.

POAs are designed to assure that your wishes be carried out when, for whatever reason, you are incapable of acting for yourself. The alternative is Guardianship/Conservatorship which is costly, involves the courts, and may involve a guardian/conservator you don't know.

## Health Care Proxy (HCP)

An HCP, sometimes called a Health Care Power of Attorney, grants your agent the power to make healthcare decisions. It only takes effect in situations where you are unable to make those decisions for yourself.

The Health Care Proxy is often accompanied by a living will and/or an “Advanced Directive,” which defines what actions you want and don't want done at the end of life. These decisions will inform your agent how to proceed, should you become critically ill. These most commonly include provisions that request no unusual measures to prolong life.

Because of the highly personal nature of these choices and the unpredictable circumstances which may lead to their enactment, it's vital that estate planning include a POA and an HCP, regardless of your age. It is a safety net that can protect us when we are most vulnerable.

### Eddy & Schein Group can help you prepare for future circumstances.

If you, or someone you know, could benefit from having a Personal Finance Manager, please contact Eddy & Schein Group for a **free phone consultation**.

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