

# Key Non-Medical Estate Planning Documents

## *Understanding Durable Powers of Attorney and Related Tools*

Clients often understand the importance of medical directives, but non-medical incapacity documents are just as essential. Advisors can help clients make informed decisions by clarifying the purpose of a durable power of attorney, how it works, and how it differs from the limited powers financial institutions sometimes provide.

### **DURABLE POWER OF ATTORNEY: THE CORE NON-MEDICAL DOCUMENT**

A durable power of attorney (POA) authorizes a trusted individual to make legal and financial decisions on behalf of the client if they cannot act for themselves. This document is crucial for managing:

- Banking and bill payments
- Investment transactions
- Real estate matters
- Legal and administrative tasks

Without a POA, families often face costly delays and may need to pursue guardianship through the courts.

### **SPRINGING VS. NON-SPRINGING POWERS OF ATTORNEY**

Clients must choose whether their POA becomes effective immediately or only under certain conditions.

#### **Springing POA**

- Becomes effective only when the person is declared incapacitated
- Incapacity definitions vary (e.g., confirmation by two physicians or a court order)
- Often preferred when naming a non-spouse or someone the client wants to limit access until a crisis occurs

#### **Non-Springing (Immediate) POA**

- Effective as soon as it is signed
- Preferred when naming a spouse or close, trusted individual
- Offers flexibility as clients age and may need help with financial management even before incapacity
- Commonly used when adult children are assisting parents with increasingly complex financial decisions

Advisors can help clients weigh independence versus practicality when selecting the right type.

## ACCOUNT-LEVEL POWERS OF ATTORNEY: Helpful but Limited

Clients may assume that adding a POA at a bank or brokerage account is the same as having a full durable power of attorney. It isn't.

### Institution-specific POA forms:

- Often apply only to one account or to accounts at that single institution
- Do not authorize actions involving real estate, employer retirement plans, insurance, or assets held elsewhere
- Are helpful additions but not substitutes for a comprehensive durable POA

Advisors should review these forms carefully with clients and confirm that broader planning needs are met through the estate plan.

## THE BOTTOM LINE

A durable power of attorney is an essential part of every estate plan, ensuring financial continuity in the event of incapacity. Advisors who help clients understand the differences between springing and non-springing POAs, and the limitations of institution-specific forms, play a critical role in preventing administrative challenges later.

During annual reviews, ask clients whether they have a current, durable power of attorney and whether it still names the appropriate person. Confirm that account-level authorizations are coordinated with the broader estate plan to ensure seamless financial management when clients need help most.

To learn more about this topic, please watch our [Office Hours video](#) or reach out to your investment consultant.

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