

BASIC ESTATE PLANNING, PART ONE: POWERS OF ATTORNEY

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Question: What's the best way to understand and work with documents like powers of attorney, wills and trusts when doing basic estate planning?

- Bill, Green Bay

Basic estate planning is an issue that affects everybody at every age in every life circumstance. Documents like powers of attorney, wills and trusts are both crucial and complex. For these reasons, we strongly suggest you work with an estate planning attorney rather than a general practitioner.

With this column, we will begin a multi-part series which examines the key documents important to a basic estate plan. Let's begin with a closer look at powers of attorney.

A power of attorney is the document that allows someone to make decisions for you when you are not able to make decisions for yourself. It can pertain to financial or healthcare decisions. To understand how the process works you need to understand what happens if you don't have these documents. Without the power of attorney you are leaving it up to the court to pick a guardian and oversee all decision making. A power of attorney keeps you in control and the courts out of the situation. With a power of attorney you appoint someone to make decisions if you are not able to do it yourself. They are called "agents".

There are several types of powers of attorney, both for healthcare and financial purposes. One mistake people often make is by not having a durable financial power of attorney. For example, people may have a limited power of attorney to deal with just one bank account. Or, they have a general power of attorney, but it is only good for a limited time, for example, to pay some bills while they are out of the country. A durable power of attorney means that the documents last as long as you do. They typically swing into action when you become incapacitated. In Wisconsin, incapacitated is determined by two physicians or a physician and a psychologist that conclude you can no longer make decisions for yourself. You can appoint anyone to be your agent. Typically people appoint their spouse, with children or other trusted family members or advisors as backup agents.

There are plenty of do-it-yourself kits available, some even featuring a video tape with step by step instructions showing someone how to fill out documents like powers of attorney. When you read the fine print, however, you will find that these documents are often based on California, New York or other state laws and forms. Wisconsin has many unique nuances and their own forms. So it is important to work with an attorney and advisor from your resident State to be sure that you have the proper documents.

Another reason to work with a team of professionals in creating estate planning documents is that these documents can get very wordy to clarify the different types and amount of authority you are entrusting to your power of attorney. You could be forced into the guardianship process if your agents don't have enough or the right kind of authority. Guardianship is a time-consuming, costly and humiliating process because of the court publicity surrounding your assets and the loss of control for you and your family.

A team of *Real Wealth* Advisors can easily guide you through the entire estate planning process. As stated earlier, instead of a general practitioner you will need a qualified attorney focused on estate planning and family issues. We also recommend you work with a financial advisor who is well versed in estate planning issues.

Bottom line? Don't go through this alone! A team of professionals will make your estate planning much easier without the unnecessary headaches.

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Jim Silbernagel and **Tony Jasen** lead Wisconsin's only statewide, homegrown *Real Wealth*® Advisor Network and have been conducting their Financial Talk Show since 1990. They have garnered a reputation as down-to-earth financial professionals who look beyond the obvious product-driven environment associated with Financial Planning to the *real* life issues of wealth. Their vision is to educate their listeners on the deeper issues of wealth management and its relationship with their life, specifically their stage in life, and to help people maximize life from *Real Wealth*®.

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