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## Choosing a financial power of attorney



Taking care of your financial future means more than just meeting with an investment advisor. What if the unexpected happens? For example, you get into an accident: How will you make sure your bills are paid and your assets protected? That's where a "financial power of attorney" comes in.

A financial power of attorney is a legal document that you prepare to authorize someone to handle financial transactions

on your behalf. This person is called your "agent" or "proxy," though sometimes they are also referred to as your "power of attorney."

As the principal, you decide what powers that person may have. Sometimes, the duties are limited to a particular transaction, such as closing a real estate deal. Most often, the document is written broadly, to allow your agent to pay your bills or manage your portfolio ongoingly. Make sure your document specifies the power of attorney as "durable." Otherwise, it may automatically end if you become cognitively or otherwise incapacitated.

### How to choose a financial power of attorney

Legally, your agent must be of sound mind and over age eighteen years. From there, choosing is up to you. Here are some things to consider when deciding:

- **Do you trust this person to act on your behalf?** It should be someone who is willing and able to always put your interests first.
- **Are they financially savvy?** They do not have to be an expert, but ideally, it's someone who is comfortable with money and understands finances and investments.
- **Can you count on this person to work well with others?** They should be able to communicate effectively with financial institutions and coordinate with other decision makers, including those who are authorized to make choices about your healthcare.
- **Is this person organized and available?** You need to be able to count on them to keep up with your bills and investments if you are unable to do so.
- **Is this person willing to serve in this role?** Before appointing someone, talk with them. Make sure they understand the responsibilities and feel confident about them.

It's wise to name a backup person or two who can assume this role if your primary choice is not available. The individual(s) you name do not have to be family members. There are also professionals who can serve in this role. No matter what, consult with an estate-planning attorney at the beginning of your decision-making process to make sure you understand the options and cover all your bases.



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Aging Wisdom supports individuals and families in King and south Snohomish Counties as they plan for aging.



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