Your parents may not be *old* yet, but they are getting older—we all are. The time to consider plans for both emergencies and eventual transitions is now, before the need arises. When you wait to talk to your parents about making plans, they can feel pressured and confused. In those situations, sometimes it can be hard to reach agreement on certain issues, and that can cause a parent to refuse to agree to any plans at all. This can have catastrophic consequences for a spouse or other members of the family.

Financial Power of Attorney

If eyesight or memory is failing, older people sometimes find it useful to have someone help them pay bills and manage financial matters. Sometimes, they add a family member to bank accounts so that person can write checks and handle other matters. However, this creates an ownership interest in the account which may not be appropriate. When someone has an ownership interest in an account, their creditors can take the assets in that account. If your parents added your sister to their bank account and she was sued because her dog bit a delivery guy crossing the yard, then the lawsuit could end up draining your parents’ life savings.

A safer option is to create a durable financial power of attorney. This authorizes someone to manage financial matters and spend assets but it does not give them an ownership interest in those assets. Power of attorney can be limited to authorize only certain actions or access to certain accounts. It can be set up to take effect immediately or lay dormant until a certain event occurs. For instance, the power might only take effect if a doctor declares your parent to be incompetent.

A power of attorney can only be signed and authorized by someone who is still legally competent, so if you wait until your parent is no longer capable of managing their own affairs, it will be too late to create a power of attorney and you may have no choice but to petition the court for guardianship. This is a much more difficult and lengthy legal process.

Medical Documents

There are several critical healthcare planning documents that every adult should have ready. However, because medical problems typically increase as we age, it becomes even more important for older people to have these documents prepared.

A health care power of attorney operates like a financial power of attorney but instead of money and business matters, it covers health care issues. Creating a healthcare power of attorney enables someone to authorize treatment and make medical decisions if they are incapacitated and unable to make or communicate their own decisions.

In addition to the authorization document, it is a good idea to have a HIPAA release to enable medical providers to share information with your healthcare agent and other loved ones. Medical privacy laws severely restrict the information that doctors, insurance companies, and other professionals can discuss if they do not have express authorization.

Finally, it is a good idea to have a living will to specify preferences for medical care in certain end-of-life situations. This provides guidance for the health care agent and authorizes doctors to act on your instructions if you are unable to speak for yourself.

Will or Trust

The documents discussed above protect individuals during their lifetime. To provide for loved ones after their parents pass away and prevent confusion and conflict, they need to have a will or revocable living trust. These documents determine how property will be distributed after death. A will is the easiest document to create now, but it will require family members to deal with probate requirements later. If you take the time to set up a trust now and transfer assets into it, then when your parents pass away, assets can pass directly to beneficiaries. The successor trustee can pay final bills and wind up financial matters quickly and easily without the need for court approval.

Get the Right Plans for Your Family Today

An estate planning attorney can also help develop plans to help pay for long-term care needs, provide for loved ones with special needs or beloved pets, provide for charity, and meet a number of other goals. At The Nordhaus Firm, we develop plans tailored to your specific situation. Schedule a free consultation with us today by calling 214-726-1450 or contacting us online to learn how we can protect your family in the short and long term.