

## **Power of Attorney for your Elderly Parents**

Taking care of an elderly parent can be a complex task, especially when it comes to finances. Most families disregard the subject of finances and avoid talking about it until the time comes when they absolutely have to. As a child of an aging parent, you should take the following steps for creating a financial plan before the need arises.

Money and other financial issues are always the most difficult issues to talk about with an aging parent. Most elderly parents keep their financial affairs very private. However, there will always come a time in the future, when your parent can no longer make financial and health care decisions for themselves. This is when a power of attorney becomes useful.

### **What is a Power of Attorney?**

A power of attorney is something that is used to help a person (in this case, an elderly parent) when it comes to managing financial affairs. These financial affairs can be as specific as daily finances and needs, such as bills, to huge financial transactions like investments or account closures. It can also be something temporary, such as handling financial matters while the parent is out of the country or while undergoing medical treatment.

While your parent may not need help to manage his or her financial affairs at the moment, a durable power of attorney provides your parent with someone to act and take care of finances on his behalf should they become incapacitated. Without a power of attorney (or other financial arrangements), the court can take over and appoint someone to act on their behalf. This can be a time consuming process and can be a very expensive one at that. At the same time, your parent (or you) may not have any say as to who the court appoints. This is why it is essential to appoint durable power of attorney to someone before the need arises or before the court intervenes.

### **Guardianship vs. Power of Attorney – What's the Difference?**

As a son or daughter, you may or may not necessarily be obligated to take care of the finances of your parents. However, there is an option that exists in case you want to lend a hand when it is needed. This is what makes the power of attorney different from guardianship. With guardianship, you are obligated to manage the situation for your parents, which can cause anger and resentment not only on your part but on the part of your parent as well. In a power of attorney situation, it is more like a joint account between you and your parent.

Because the Power of Attorney can be a temporary thing, it can be suspended at any time if your parent wishes it to. For example, your parent may recover from a certain illness and decides that he wants to become self – sufficient, then he can simply revoke the power with a simple request. Guardianship, on the other hand, is more complicated and is more difficult to reverse and may require the intervention of the court.

### **Properly Managing Finances**

As the one with the power of attorney for your parent, it is essential to follow some guidelines to make sure that you properly manage the finances of your parent. Here are some things to remember:

- **Keep Best Interest In Mind.** Remember that when you are designated with a power of

attorney, you have been chosen to act in the best interest of your elderly parent. Access to your parent's funds does not give you the right to use the money for your own use.

- **Maintain Records.** Maintain all records that you make on behalf of your parent. Make sure that you have all receipts, bank statements and invoices.
- **Consolidate Accounts But Keep Yours Separate.** If your parent has plenty of financial accounts, it would be wiser to consolidate them to avoid confusion. However, your financial account should be separate from that of your elderly parent to make sure that you don't end up using what isn't yours.
- **Speak to those concerned.** Let financial institutions, doctors and other people involved know that you will be handling the finances of your parent from that time on.

### **Speaking To Your Parents**

With these things in mind, having a power of attorney for your elderly parents may wind up being a lifesaver. The most difficult part might actually be speaking to your parent about it. Remember that talking about finances can be a touchy topic, and elder people usually do not like the idea of someone else taking over their responsibilities. Usually, most elderly parents resent accepting help, especially from their children. This is because they usually feel that by accepting help, they have already given in to their old age. They may also feel that by giving in and appointing someone to take care of their finances, they are also admitting that they are no longer able to take care of themselves.

When talking to your parent, do not push the issue too much. Slowly explain to them that this move is for their best interest, and that the power of attorney does not have to take effect right now – but when the time comes. As long as they can take care of themselves now, they can take care of their financial responsibilities. While most power of attorneys go to the children, remind them that the power of attorney doesn't have to go to you, as their child. It can be given to someone who they trust and feel comfortable with.

Once your parent decides and agrees with appointing a power of attorney, you can both consult a lawyer and have the details done in writing so that it is formalized. The power of attorney can always be revoked or redone. Make sure that the power of attorney is kept in a safe place in case the time comes when it will be needed.