



MONEY SPROUTS

Using Legal Documents to Protect Your Finances:

Do you know what's needed in a crisis?

This month in Money Sprouts we'll be sharing our Top 5 Tips on legal documents that are needed in emergency situations. We don't know when or how but crises do find their way into our lives. We want you to be prepared with the right legal documents to take care of loved ones or so they can take care of you. Having everything in place means less stress at an already stressful time.

Here are some real-life situations that clients and friends have shared about crises in their lives and what was needed.

Tip # 1 Have Financial Power of Attorney or General Power of Attorney

Situation: A client, who had recently become unemployed, is in a car accident and put in a medically induced coma for three weeks. Even when recovered, she wasn't mentally capable of dealing with financial affairs for several weeks. No one had the ability to act financially on her behalf. In addition to late fees for missed payments, she missed the



deadline for health care continuation enrollment and the conversion of her life insurance and disability coverage from work. It cost her thousands of dollars. (Even if she had been married, a spouse has no legal right to sign documents to maintain insurance plans.)

Legal Document: Financial Power of Attorney or General Power of Attorney is needed to act on a person's behalf for financial and legal decisions. Having that person learn about your finances, be given access to your bank account/bill-pay and critical financial sites along with organized documentation will allow him or her to be "you" in critical situations and avoid major financial losses. A Living Trust with a trustee would also be able to address this issue if assets were in the living trust...but this wouldn't have allowed the trustee to address his employee benefits.

For more information on Financial Power of Attorney, read these articles from [Investopedia](#) and [Kiplinger](#).

Watch for and read Money Sprouts all month for our Top 5 Tips. Next week Tip #2.

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