

ASK THE ADVISERS

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.



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Contingency Plan

It may be hard to conceive, but there may come a time when you can no longer manage your financial affairs. However, in high-income countries like the United States, dementia will affect 10% of people aged 80 to 84 and 20% of those aged 85 to 89.* What happens when you can no longer remember important things about your life, including where your assets are located, let alone make smart investment decisions?

Having a durable power of attorney is a good place to start. People often name their spouse and then potentially an adult child as the person responsible for handling their affairs. A durable power of attorney will allow someone to execute financial transactions on your behalf with a financial institution or a third party if you become incapacitated. It may also allow them to make medical decisions on your behalf. This is a very important document to have.

One thing to remember is the power of attorney does not come with an instruction manual, nor does it even come with a list of assets or an explanation of your current

investment plan. I have drafted these for hundreds of clients and typically when they leave my office, clients simply take their documents home and put them in a safe place.

It is probably a good idea if parents and their adult children communicate about their current financial position and what they would like to happen if the parents were ever incapacitated. Often people are not comfortable sharing their financial information with their children.

Alternatively, one could establish a team of trusted advisors including a financial advisor, an attorney, or perhaps a close confidant that is familiar with their current investment plan and possesses an inventory of all their assets as well as all their estate planning documents. That way if one becomes incapacitated or dies, their spouse and kids will know exactly who to call to get all the information necessary to carry out their affairs in a manner consistent with one's wishes.

*New York Times

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