



# Thinking Ahead Roadmap™

A GUIDE FOR KEEPING YOUR MONEY SAFE AS YOU AGE

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***Thinking Ahead Roadmap: A Guide for Keeping your Money Safe as You Age***

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# Being in charge of your money tomorrow starts with planning today.

## It's important to be on top of your finances as you get older.

Most people need some level of assistance managing their money as they age, no matter how much money they have and how healthy they are now. Choosing someone you trust to be your future financial advocate will help keep your money safe and give you peace of mind. A financial advocate might be a spouse, partner, adult child, other relative, close friend, or even a paid professional.

## What does a financial advocate do?

Financial advocates handle your money matters if they become too difficult for you. Your advocate can help pay bills, repay money you owe, apply for benefits, manage your property, file insurance claims, pay taxes, and handle your retirement savings.

You'll want to pick the right person to play this role and have open conversations with them about what it means to handle your money matters. You will need to walk them through your current finances and long-term goals. Doing some prep work like simplifying your finances and getting documents organized will reduce stress and help your advocate honor your wishes.

**“Planning in advance gives me peace, confidence, and a sense of relief that we are prepared for the future.”**

-Evelyn D., age 70



## MEET MARIA AND DAVID

Maria lives with her husband, David, who handles most of their finances. Maria has noticed that tasks that used to be second nature for David are getting harder for him. Maria realizes that soon she may not be able to rely on him to take care of their money and property.

Maria suggests to David that they make a plan for the future to keep their money safe.

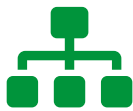


We interviewed experts and collected information and experiences from more than one-hundred older adults to create this roadmap. It's best to get started on a money management plan before age 65, and then revisit your plan as you age. But if you're past 65 and haven't started planning yet, that's okay!

This roadmap will jumpstart your journey by helping you:



1 Choose your trusted financial advocate



2 Organize your financial information



3 Start conversations with your financial advocate



4 Explain your future money management needs and expectations



5 Officially appoint your advocate to manage money on your behalf if needed in the future



6 Gradually shift money management to your advocate when the time is right



This roadmap is designed for everyone, no matter how much or how little money they have, their family situation, or how old they are.

**Now is the best time to prepare for tomorrow.**

# 1

## STEP 1: CHOOSE YOUR FINANCIAL ADVOCATE

**A financial advocate is someone you would trust to step in for you if you couldn't manage your money at some point in the future.**

You might experience a serious health issue that affects your thinking. Your spouse or partner might get sick and be unable to participate in managing your household's finances. Perhaps you will have trouble seeing or getting around and will need someone to do the things you can't do.

Whatever happens, choosing a financial advocate is a necessary first step in making sure your money is safe and used the way you want it to be. Even if you never reach the point where you have to depend on your financial advocate, it feels good to know that they are there if you need them. Being a financial advocate is an important job that can include a range of tasks and responsibilities. Once officially appointed, your financial advocate might help you:

- 1. Pay for things you need** like groceries, home maintenance, personal care, and other essentials
- 2. Manage your day-to-day expenses**, such as utility bills, insurance premiums, and rent or mortgage payments
- 3. Handle routine money matters**, such as monitoring your savings and checking account
- 4. Navigate insurance policies** and file claims
- 5. Pay back money you owe**, including paying down credit card debt
- 6. Monitor your investments and sources of income**, including buying and selling investments and making withdrawals from retirement accounts
- 7. File and pay your taxes**, including federal, state, and property taxes you owe
- 8. Hire and pay service providers** such as home health aides, home repair professionals, attorneys, and accountants
- 9. Manage your property**, including buying and selling real estate, overseeing maintenance, and collecting rent
- 10. Apply for benefits** such as disability, Medicare, other health insurance, Medicaid, and veterans benefits
- 11. Make donations** to charities and causes that matter to you
- 12. Store your financial records** in a safe place
- 13. Protect you from scams**, fraud, exploitation, and simple mistakes

This might seem like too much for one person. Some people choose to divide the tasks among several advocates based on the skills those people offer. For example, maybe there is someone who could handle your day-to-day expenses just fine, but another person in your life who would be better at making investment decisions. In those situations, it will be important for all advocates to work together and get along. Other people may choose to hire professionals based on the size and complexity of their finances and their family situations. For more details on what financial advocates can do, go to *“What does a financial advocate do?”* at: [thinkingaheadroadmap.org/downloads](http://thinkingaheadroadmap.org/downloads).



### **MARIA AND DAVID DISCUSS THEIR OPTIONS**

Maria and David talk about who they would trust to help them handle their money if neither of them could manage anymore. They don't have children of their own but they are close with their niece, Sarah, who is very responsible and carefully manages her own family's finances. Maria and David know that they can trust Sarah to put their interests above her own. They decide that for now, David will continue to manage their money with Maria's support, but that Sarah would be a good alternate advocate. They make a plan to talk with her soon.

## **Why do you need a financial advocate?**

Having a financial advocate assures that you have someone looking out for you and your money. If you involve them early enough, they can watch for common problems like bank account overdrafts, late bill payments, being overcharged, and concerns with choosing the right investments. Your advocate can also protect you from being taken advantage of by others with ill intent.

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## **Making the best choice**

Selecting the right person or people to advocate for you is key. Here are some tips that will help you think about the skills and qualities your advocate will need.

## **Trust is the most important quality**

The most important quality in a financial advocate is trustworthiness. This is because your advocate will have access to your money and the legal right to use it. And although they have a legal obligation to use it only on your behalf and in your best interest, an advocate could take advantage of their access to your money.

In addition to being trustworthy and honest, it's important that your advocate is reliable and makes good decisions. Since the job is all about managing money, having financial know-how is a major plus. Another thing to look for in an advocate is organizational skills. Do they keep good records? Do they pay their own bills on time? These habits will make it easier for your advocate to manage your finances if the time comes.

Choose an advocate who understands what's important to you as you get older – someone who cares about you and knows you well. Here's a list of helpful qualities to look for in a financial advocate.



### Look for these positive qualities

- Trustworthy
- Organized
- Understands your needs and what is important to you
- Available to help and reliable
- Smart decision-maker
- Good communicator
- Good listener
- Puts your needs first
- Financially savvy



### Avoid these characteristics

- Dishonest or secretive
- Doesn't pay bills on time
- Owes money
- Faces personal legal or financial troubles
- Has a serious mental health or addiction issue
- Likes to gamble
- Has a strong sense of entitlement
- Doesn't get along with the people who matter to you

You may not know someone who has all the right qualities. That's okay. Aside from being trustworthy, loyal, and honest, which are absolutely essential, you can be flexible on some of the others. For example, it's nice to have someone who lives nearby, but most tasks (even grocery shopping!) can be done online nowadays. It's also nice to have someone who is financially savvy, but if not, you can start working with them now to give them a long period of time to learn about your values, your money, and how you manage it.

## Can your spouse or partner be your financial advocate?

Often, people who are married or in long-term relationships choose their partners as their financial advocates. This may be a logical first choice for you, because a spouse or partner may know your money best and will put your needs first. But remember that at some point, one of you will be aging alone. Or there may come a time when the partner in charge of the finances is not able to manage any longer because of a serious health issue.

This is why it is so important to choose an alternate financial advocate in addition to a spouse or partner. Many people pick an adult child or grandchild to be their alternate. If that's not an option, perhaps there is a trusted niece, nephew, cousin, close friend, or sibling available. As an additional safeguard, your alternate can work together with a trusted professional.



SMART TIP

**It's best to have either your primary or alternate financial advocate be younger in age than you.**



## Avoiding common mistakes

Sometimes people choose advocates in a way that seems logical to them, but doesn't always lead to the best results. For example, you may run into problems if you choose:

- The oldest of your adult children instead of the best qualified
- The child who lives closest instead of the one best suited for the work
- Everyone in the family to avoid hurt feelings, while leaving it unclear who you trust most to be in charge
- A spouse or partner who is close to your age without also naming a younger person who can step in when needed

The best way to make a sound decision is to look beyond who the person is or where they live. Consider their qualifications instead. You may find that your oldest child is the very best person for the job. You may also trust several people equally, but realize that you should not choose them all simply because you're worried about leaving someone out. There are many important roles that each of these trusted people can play to support you in the future, like healthcare advocate, care coordinator, driver, and home maintenance manager.

**"I chose my best friend. I know that she will do what's best for me if I can no longer make my own financial decisions. And I know that she will be efficient and will get things done."**

-Nancy J., age 64



## What happens if you don't pick a financial advocate?

If you don't name someone as your advocate and give them legal authority to manage your money when you no longer can, you might face serious problems in the future. If there's no one to step in, a court might have to appoint a guardian for you. This person might be someone you don't know at all or someone in your family or friend network who you don't trust.

Failing to name an advocate can cause family conflict, too. The people who matter to you might fight over who should manage your money. The person who ends up in control may not be the one you would have chosen yourself.

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### Remember, it's your money and you're in charge

Appointing a financial advocate doesn't mean you can no longer manage your money, or that you will not have a say in future financial decisions. Even with an advocate in place, you still have full authority over how your money is handled. You can continue to manage your own finances as long as you are able, keeping your advocate informed about your needs and priorities for the future. After your advocate takes over, they are legally required to act in your best interests at all times, keep their money separate from yours, and maintain accurate records.

We have created a helpful tip sheet that you can email or print out for your chosen advocate. It outlines what is expected of them and explains how this arrangement helps keep your money safe. We've included a copy of that handout—*“What you need to know as a financial advocate”* at: [thinkingaheadroadmap.org/downloads](http://thinkingaheadroadmap.org/downloads)

### What if no one you know seems right for this role?

Maybe you don't have a spouse, partner or adult children. Maybe you do, but you feel they aren't reliable. Maybe the friends and relatives you trust are older, which means you can't be sure if they'll be around when you need them.

If you have no options in your social circle, you may consider hiring someone such as a daily money manager, care manager, professional fiduciary, certified public accountant, bookkeeper, or trust officer. These professionals may charge a fee (although some agencies have programs for people with limited resources). Look into their fee arrangements and what they can do for you. And as with friends and family, trustworthiness and honesty are just as important when hiring a professional.

To learn more about options for someone who is aging alone, turn to *“Advice for Solo Ager”* at: [thinkingaheadroadmap.org/downloads](http://thinkingaheadroadmap.org/downloads)

## 2

### STEP 2: GET ORGANIZED

Now that you have considered who your financial advocate will be, let's do some prep work before you sit down to talk.

Organizing and simplifying your financial information is a good way to get started, even if you don't plan to share this information with your advocate right away. Creating a **financial inventory** will help you understand your sources of income, savings, investments, debt, bills to pay, and other money needs.

Creating a financial inventory can be simple or complex depending on your recordkeeping habits and the size and scope of your income, savings, expenses, and property. We recommend doing this over multiple days or even a few weeks if you need time to pull things together. If you have a spouse or partner, it's wise to do this work together so that you are both fully aware of how your money is currently being handled.

To help you get started, download and save the *Fillable Financial Inventory* that you can complete with your specific information. **Find it at: [thinkingaheadroadmap.org/downloads](http://thinkingaheadroadmap.org/downloads)** This is yours to keep. We are not able to see what you enter. Make sure you save a copy to your computer or network before you start filling it out. If you are more comfortable with pen and paper, you can also print it and write in your information by hand.



#### GETTING ALL THE DETAILS TOGETHER

Maria asks David to help her gather their financial, legal, and insurance information. By pulling it together in a spreadsheet, Maria better understands the tasks that David typically handles and she starts lending him a hand. They keep this information up-to-date and safely stored.

**"After my experience with [my] Dad and Mom, I know first-hand that it's important to have your affairs in order."**

-Jeremiah W., age 66

## What information will you need?

Here is an overview of the information you will need to complete your financial inventory or save in a file along with your inventory:

- Checking, savings, and credit card accounts
- Regular monthly bills for mortgage, rent, utilities, insurance, and subscription services (for example, newspapers, TV, internet, cell phone, and data storage)
- Other bills for property taxes, homeowners insurance, car insurance
- Income tax returns
- Insurance policies (life, health, home, car, long term care, and other property)
- Investment and retirement accounts such as Individual Retirement Accounts and 401(k), 403(b), and 457 plans
- Other sources of retirement income such as Social Security, pensions, and annuities
- Debts such as your mortgage, home equity or personal loans, credit cards, and any medical debt
- Safe deposit boxes or in-home safes
- Valuable personal belongings such as cars, jewelry, art, antiques
- Real estate deeds, including rental properties or vacation homes and titles to all vehicles
- Address, email and phone numbers for professionals who handle your money, such as an accountant, financial advisor, or attorney, and other service providers and close contacts
- Your last will and testament and any pre-paid funeral arrangements
- Any trust documents you have in place
- Any documents that grant power of attorney to someone (financial or medical), which we will go over in detail in Step 5

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## Where should you store all this private information?

Save or store your financial inventory and other important documents in a secure place. If you keep an electronic copy, make it a password-protected document. If you print out your inventory, store it in a locked file cabinet, home safe, or a safe deposit box.

More and more people choose to store their financial information online using tools like Google Drive, Dropbox, OneDrive,

or iCloud. This method is often called cloud storage. Saving your information in the cloud makes it accessible anytime, anywhere as long as you have a laptop, tablet or smartphone with internet access. Most online cloud providers use security features, such as passwords or two-step verification, to keep your documents secure. Spend time to learn how these important features work.

## Should you keep printed copies of everything?

Many people prefer to keep their financial information on paper only. If you choose this option, you won't need a computer, internet access or passwords, but your records may be less accessible. For example, if you are traveling, you won't be able to view them online. There can also be difficulties if you forget the combination to a safe or lose your safe deposit box key.

Paper copies kept at home can also be lost to theft, fire, or water damage, so be sure to use a fireproof, water-resistant home safe.

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## Keeping your financial inventory up-to-date

Set aside a little time to review and update your information every three to six months, or whenever something changes.



**SMART TIP**

### Too many passwords to remember?

Use a password manager. It saves all of your different passwords for every website or account so that you don't have to write them down or remember them every time you need to log in. All you need to remember is the master password for the password manager.

## Other ways to simplify your finances

Now that your financial details are all in one secure place, you may want to take some additional steps that will make it easy for your financial advocate to handle your money when the time comes. Here are some suggestions:

- Use direct deposit for all income, such as paychecks, investment income, pensions, and Social Security payments. The money will be deposited automatically into the account you choose.
- Set up automatic payment ("autopay") for routine bills, such as your mortgage, utilities, credit cards, and subscription services. Payments will be deducted directly from the account you choose. You'll need to set this up with the individual banks or service providers, such as your utilities company or the subscription service.
- Close unnecessary accounts. Having too many credit cards or other types of accounts can make it difficult for your financial advocate to keep track of your money and they could miss payments or incidents of theft, fraud, or abuse.
- Make sure the accounts you rely on during retirement are protected against fraud and abuse. Check out "*Steps to protect investments and sources of retirement income*" at: [thinkingaheadroadmap.org/downloads](https://thinkingaheadroadmap.org/downloads) for more information.

# 3

## STEP 3: START AN OPEN CONVERSATION WITH YOUR ADVOCATE

With your financial information in one place, you are ready have an open conversation with your advocate. Sometimes this can feel like the hardest step.

Discussing money and what the future may hold isn't always easy. But it's so important to make sure that you and your advocate have a clear understanding of your finances, including the detailed information that will help them honor your wishes.

People often like to have this conversation in stages. The first time you talk, be sure to describe the responsibilities of a financial advocate and ask the person you've chosen if they are willing to play the part. You can also explain the reasons why you chose them. Maybe you respect how they manage their own money. Maybe they are organized and you like that they keep detailed records. Maybe they treat you with care and are supportive. Expressing how much you trust them will get you both off to a good start.

**"I always have prefaced any conversation with assurances that I am just wanting to avoid turmoil and uncertainty in the future. And that I love and trust them very much to do what I want when/if I need help."**

-Katherine L., age 73



### OPENING THE DISCUSSION

Maria and David both feel comfortable choosing Sarah as their alternate financial advocate. Maria starts a conversation with Sarah by telling her how important she is to their family and that she appreciates Sarah's support. Maria asks if Sarah would be comfortable managing their money matters if she and David no longer can do it themselves. Sarah is unsure at first, but after Maria explains what the job would involve and adds that she and David have made a full inventory of their finances, Sarah agrees.



## What to say

To begin, it's best to find a time when you're alone with your financial advocate and no one feels rushed or distracted. You could talk after a meal, during a long drive, or while you're checking in by phone. Here are some conversation starters that you might try:

**"Given all the uncertainty in the world today, I've been thinking about the future and who can help keep an eye on my money if I couldn't manage it on my own."**

**"I really respect your work ethic and how well you've done with your own finances. That's why I'd like to ask if you'd be willing to help me manage my money if it ever becomes too tough for me to do on my own."**

**"Do you remember how hard it was to take care of so-and-so's finances when they got older and couldn't manage anymore? If you were willing to help, I would make sure you had all the information you need to feel well-prepared."**

**"I've been getting my finances organized and it made me realize I might need someone to help take care of my money in the future if I wasn't able to do it anymore. Would you be willing to be my financial advocate?"**

## Sometimes financial advocates aren't ready for the conversation.

They might try to change the subject. But don't get discouraged! Here are some common reactions and helpful ways you can respond.

### If your advocate says

"This is depressing. I don't want to think about you getting older."

"Oh no! Are you sick? What are you not telling me?!"

"But you're so healthy! You don't need any help managing your money."

"Do we have to talk about this now? I have a lot of other things on my mind."

### You might say

"It might be hard to talk about at first, but having this conversation now will make things easier down the road. It will make me feel better to know that I can count on you."

"I'm not hiding anything from you. I am simply putting together a plan for the future to keep my money safe. I am hoping that you could help me manage my money if there ever came a time when I couldn't do it myself."

"I certainly plan to stay healthy and I don't need any help now, but it is smart to have a plan in case the unexpected happens. It gives me peace of mind to know that I've shared things with you and that you are comfortable with what I'm asking."

"We can pick up the conversation later when you have less on your mind. But this is important, so let's put a date and time on the calendar to sit down and talk."

Give your financial advocate a chance to sit with the request and ask questions. Leave details about your income, savings, investments, and debt for later talks. The first conversation is really to get confirmation from your advocate that they are willing to help when needed and to explain what the job entails.

# 4

## STEP 4: KEEP THE CONVERSATION GOING

Once your financial advocate has agreed to help, it's important to continue the conversation. As you'll see, there are additional important steps to assure that your advocate is well-prepared.

The next conversations are for sharing details about your money and other legal and financial information. This is a great time to walk your advocate through the financial inventory you have created if you are comfortable doing so.

### What to cover next

Key things to share with your advocate at this point include:

- Where your financial inventory is stored
- How to access it
- Special requests for how you want your money to be used

It's okay if you aren't ready to be very specific about the amount of money or debt you have. Just make sure you give your financial advocate instructions on where to find that information when they need it.

If you picked several financial advocates to be in charge of different tasks, such as someone to manage investment accounts and someone else to pay bills, you can meet with your advocates separately or as a team. Just make sure everyone is comfortable with their role and understands what roles the others have. They will need to keep in touch with each other to coordinate your care.

### Say what's important to you

Below are some hypothetical decisions you might encounter in the future after your advocate has stepped in to help you. Answering these questions and discussing your responses now will help you and your advocate better understand your financial values and goals, but remember that your needs and circumstances may change as you age.

#### 1. If I had an extra \$500 per month in the future, what would I want my advocate to do with it?

- Donate it to a charity of my choosing
- Use it to help family members
- Buy me something I'd like
- Save it for a rainy day
- Pay down my debt
- Other: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**2. If my advocate learned that I was planning to use my money on something that seemed risky, like a weekend at the casino or a loan to a friend, what would I want my financial advocate to do?**

- Discourage me from making risky decisions
- Let me use my money however I want unless it will really harm me in the long run
- Let me use my money on risky things up to a certain amount, such as \$\_\_\_\_\_
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3. If a close family member was struggling financially and asked me for money that they would likely never pay back, what would I want my financial advocate to do?**

- Give them as much as I could afford\*
- Give them a smaller amount, such as \$\_\_\_\_\_\*
- Not give them money but instead encourage them to find other ways to get back on their feet
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*Note: If you want your advocate to have the power to make financial gifts on your behalf, you will need to specify this when you set up a financial power of attorney, which is explained later in Step 5.

**4. What financial goals are a top priority for me in the future?**

- Spending my savings on myself/my partner while we are alive
- Preserving my savings to leave money for my heirs
- Setting aside money for charities or causes I care about

**5. If I was approached by a new investment advisor or insurance agent who wanted my business, what would I like my financial advocate to do? [Check all that apply.]**

- Discourage me from working with a new financial professional
- Investigate the financial professional's services, fees, other charges, and references before taking action
- Let me invest my money in any way I want, unless it will really harm me in the long run
- Let me invest up to a certain amount, such as \$\_\_\_\_\_
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you feel there will be disagreements among the people close to you about how your money should be used while you are living, write your wishes down for your financial advocate. This is a good time to include others in the conversation who may be affected by your decisions.

**Other things I want my financial advocate to know:**

Remember, your financial advocate is there to help you manage your money when you are alive. How your money and property will be distributed after you pass away needs to be stated in other documents such as wills, trusts, and beneficiary designations. We will briefly discuss some of these documents in Step 5. These legal documents are also important to have.

## Communicate your preferences and plans with the right people

Are there several people in your life who may expect to be involved in managing your money or who might help you with other matters? Consider inviting them all together to hear what's important to you. For example, you may have multiple children or a blended family through divorce and remarriage. It may be best if everyone hears the same information at the same time so that they know their potential roles in helping you, and so that the message comes directly from you.

Open conversations usually minimize the chance of future disagreements about how you want your money managed and by whom. However, there may be family members who you decide not to include in these conversations, and that's fine too. Remember that you do not want to share all your financial details with people who are not your financial advocates, but you still want them to know your overall wishes and needs.

This is also the right time to tell everyone who you have chosen as your financial advocate(s). This will make your choice clear to everyone and allow them to ask questions about how the arrangement will work. If you're married or partnered, it's wise for both of you to be involved in all these conversations, since many decisions will affect you as a couple.



## Do you have complex finances or challenging family relationships?

You might invite a close friend, professional financial advisor, or attorney to be a neutral third party during the conversation with your advocate.



If thoughts of having these conversations make you a bit nervous, try not to worry. The process will get easier over time. It isn't about giving up control of your money and decisions; it's about building trust and creating a system of support. What better way to gain peace of mind?

**"I remind [my children] of how much easier it was to take care of my mom because we had talked about the 'what ifs' many times when all was well."**

-Katherine L., age 73

# 5

## STEP 5: MAKE IT OFFICIAL

Your financial advocate will need legal authority to manage your money and property. You need to make it official while you're still healthy and your money is safe.

If you don't legally appoint your advocate, it's likely that:

- Your advocate will not be able to pay bills, make withdrawals, manage investments, buy or sell property, and other crucial tasks when it's time.
- Banks, credit unions, brokers, retirement fund managers, and others won't share account information with your advocate or allow your advocate to make decisions on your behalf.
- Your family or friends may have to go to court to have a legal guardian appointed. This can cost thousands of dollars in lawyers' fees and court costs. It is also a public process that takes a lot of time. And you could end up with someone you don't know or don't trust appointed for you!

There are several ways to give your financial advocate the legal right to manage your finances. Generally, the most direct and complete method is to create a **financial power of attorney**.



### EMPOWERING SARAH AS A FINANCIAL ADVOCATE

Once Maria and David decide to designate each another as financial advocates with Sarah as their alternate advocate, they need a way for all three people to have access to their financial accounts. Their bank and insurance companies will require proper authorization before sharing information with Sarah and allowing her to handle transactions. David and Maria need to make the financial advocate relationship official so that things will go smoothly for everyone.

**“By designating one of [my children] as my financial advocate, I can make it clear who has the authority to make decisions on my behalf and remove any questions about who is in charge.**

-Mary G., age 66

## What is a financial power of attorney (POA)?

- This is a legal document that gives someone else the legal right to make decisions about your money and property.
- In the POA document, you are called the principal and your financial advocate is your agent.
- You can name a primary agent, as well as an alternate agent who can take over if your first agent becomes unavailable. You can also name more than one person to act together as co-agents.

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## Tips for your financial POA

- Make sure your POA is *durable*. This means that your advocate can act for you even when you can no longer make decisions on your own. It assures they can take care of your financial matters up until your death.
- Make sure your POA meets state requirements. Every state has its own laws about powers of attorney, so be sure that the document is valid in your state.
- Take a look at the *Example Power of Attorney at: [thinkingaheadroadmap.org/downloads](http://thinkingaheadroadmap.org/downloads)* to gain a better understanding of what a POA looks like. (Please note that this example is for illustration purposes only and is not included here for your personal use.)

## A POA is not the same as a will or trust.

- A will is a legal document that specifies how you want to pass along your money and property *after you die*. A POA allows someone to manage your money and property while you are alive, and the POA is no longer operable after you die.
- In your will, you name someone to be your executor (sometimes called a personal representative) to manage things after you pass. This person may be different from your financial advocate, or you may choose the same person to handle both.
- A living trust is also different from a POA. It gives someone else legal authority to make decisions about money or property held in the trust, but first you must put money or property in the name of the trust. In the trust document, you name a trustee to manage the money or property in the trust if you cannot. The trustee cannot manage money or property that is held outside the trust. The trust also says who gets the money or property in the trust after you die. A lawyer may recommend a living trust in addition to a POA if you have property in more than one state, have complex business holdings, or have a large amount of money you want professionally managed. There are many kinds of trusts and trusts can be complicated. If you have substantial assets (which could include real estate), consider talking to a lawyer about whether a trust is right for you.

## Should I pay my financial advocate for serving as my agent?

- You may want your financial advocate to get paid for managing your money. If so, make sure that your POA document specifies that your agent may receive reasonable fees for their services.
- To ensure that payments are reasonable and to avoid family tensions, you might specify in your POA that, before being paid, your agent must share a written record of services performed and the proposed hourly rate. They should share this accounting sheet with another person you trust.

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## What can your financial advocate do once your POA is in place?

- Typically, a POA gives your financial advocate (agent) the power to handle all of the financial transactions that you managed in the past. This means they can manage your bank and credit accounts, your home, and apply for and manage government benefits. It also means your advocate can operate your business, file lawsuits, and file your taxes for you.
- Your advocate will only have the powers you list in the POA document. You can specify what your advocate can and can't do. For example, if you don't want your advocate to give gifts or change the beneficiaries on your retirement plans or life insurance, your POA document can make that clear.

## Your POA document, or your bank or broker's form?

Banks and other financial services companies should accept and rely on a POA that meets the requirements of your state laws. But sometimes they will ask that you fill out a different POA form instead of accepting your existing POA.

This can create problems. For example, if your bank requires a unique POA but you are no longer able to understand and fill it out, things could get difficult for your advocate.

Your advocate should be prepared to talk to a bank or brokerage supervisor or consult with a lawyer if this happens. Many states' laws specifically require that financial institutions accept your existing POA.

Keep in mind that it's perfectly fine for you to fill out an additional POA form if you are asked to do so. But it will likely apply only to transactions with the bank or financial firm asking for the separate POA, while your existing POA was created with all of your needs in mind.

## What can't your advocate do after your POA takes effect?

Along with any special restrictions you add to your POA, here are automatic limits to the authority of your advocate (agent).

- Your advocate can't change your will
- Your advocate can't neglect their duty to act in your best interests

There are powers that you can give your advocate that can potentially make drastic changes to your estate plan by making it easy for them to transfer your money to other people. Typically, your agent under a POA won't have these powers unless you explicitly grant them in the document by, for example, adding a specific page to the document or by initialing boxes that say that your agent can gift your money, create trusts, change beneficiary designations, or allow another person to step into their shoes as your agent (called "delegation").



### Think hard about whether you want your advocate to have these "hot powers."

Be thoughtful about the authority to make gifts, and be especially cautious about making gifts to the financial advocate. A lawyer can help you think through the powers you want to grant or exclude.

Page 40 provides more information to help you and your advocate learn more about managing your money with a POA in place.

## Why do you need a POA? Can't you just add your financial advocate to your accounts?

You might wonder why you can't skip doing a POA and simply give your advocate access to your bank account. It's important for you to know that your advocate needs broad legal authority to manage all aspects of your finances. In most cases, this goes beyond simply writing checks or withdrawing cash to pay for expenses.

Joint bank accounts and other joint accounts can be right for sharing resources with your spouse, but they don't take the place of a POA and other legal arrangements. You may have other financial matters for your financial advocate to handle – managing your home or other real estate, signing leases or other agreements if you need residential care, managing your debts, applying for public benefits, and filing your taxes, among other things. Joint accounts won't help with those things.

You will want to carefully consider the legal authority that makes the most sense for your circumstances and preferences. Joint accounts could work only if you anticipate that you won't need help beyond managing your bank accounts and paying your living expenses, AND if you are comfortable with the following features of joint accounts:

- The second person on the account usually has equal access and claim to the money, meaning that they can withdraw your money and spend it on themselves.
- If the second person on the account has debts, their creditors may be able to get your money.

- When you die, the money in the account automatically becomes the second person's money—and that may not be what you intend. Perhaps you want your three children to inherit equally, but only one is on the account. The other two could get short-changed, unless the second person on your account knows and honors your wishes.

In most cases, a POA will be most appropriate for you.

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### Does the POA go into effect right away?

- That's up to you. Your power of attorney can be effective immediately, or you can choose to make it effective later, when it's clear you no longer can manage your finances.
- Even if you make your POA effective immediately, your advocate doesn't need to start managing your money right away. But having your agreement in full effect from the beginning may make it easier for your advocate to take over when necessary without extra steps, such as the need to have doctors or attorneys certify that you need help managing money. Those steps can be hard on your trusted advocate and hard on you.
- Remember, even with a POA in place, you will manage your own money while you are still able. The POA is there to protect you when you need your advocate to step in and help.

### Trust, but verify!

You have chosen your financial advocate with great thought and care. It's a good idea to build in ways for other trusted people to see how your advocate is managing your money and property.

In your POA, you can require your advocate to "open the books" or prepare a summary accounting document for a trusted person to review every year (or at whatever time interval you choose). Another safeguard is to require a second person to sign off on transactions over a certain amount of money.

You can explain to your advocate that these steps do not mean you don't trust them—they simply ensure that your advocate's actions are clear to others. These steps are particularly important when your advocate is a paid professional.





## Can you change or revoke your POA?

- Yes. As long as you are still able to understand what a power of attorney is and what it means to change it, you can do so. You can name a new agent (advocate), or you can cancel (revoke) the entire document.
- Being able to change your POA is helpful because so much can happen over time. The person you named as your agent might get too busy, or get sick or die. Or you might decide that someone else will do a better job. It's a good idea to revisit your choice from time to time. You can adjust your POA whenever you feel it's best for you and your future needs.

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## What's the best way to set up your power of attorney?

- You may decide to have a lawyer draw up your POA. This helps ensure that the document will do exactly what you want it to do. A qualified lawyer will offer personalized service and pay careful attention to your wishes and needs and to all legal requirements.
- The cost of having a lawyer create your POA may be more manageable than you think. Call a few lawyers in your community to find out what they charge. Lawyers who typically specialize in POAs are called estate planning attorneys or elder law attorneys. Many lawyers with general practices can create POAs as well.

- If you feel you can't afford to hire a private lawyer, you can look for legal services programs in your community that can help.
- Some employers provide access to low-cost legal services as an employee benefit. Check with your human resources or benefits department to see if these benefits are available to you.
- There are also online services and forms that can help you get a POA for free or at low cost. These online forms might work in simple situations. Be cautious about "one size fits all" forms downloaded from the internet that may not meet your specific circumstances. Even if your situation seems simple, there may be issues you haven't thought about. If you decide to use an online service, make absolutely sure that the form follows your state's laws. Your state may not require the POA document to be notarized, but notarization might make it easier for your agent to have the document accepted by a bank or other financial institution.



## Finding help for making it official

### Free legal services for people over age 60

Find local programs that provide free legal help to people over age 60 by contacting the national Eldercare Locator.

1-800-677-1116  
[eldercare.acl.gov/](http://eldercare.acl.gov/)

### Free legal services for those with modest income

Find local programs that provide free legal help through the Legal Services Corporation. Note that these agencies often have income rules you must meet to qualify for free services.

[www.lsc.gov/find-legal-aid](http://www.lsc.gov/find-legal-aid)

### Fee-for-service lawyers

You can find an estate planning, elder law or general practice attorneys through the American Bar Association website. This site shows you how to find a lawyer in each state, how to check a lawyer's license and credentials, and how to find other legal resources. The site also explains what to do if you have problems working with a lawyer.

[www.findlegalhelp.org](http://www.findlegalhelp.org)



## MAKING IT OFFICIAL

Maria and David meet with a local elder law attorney to draw up documents that name each other as primary agents, with Sarah as their alternate agent. After having the POA form notarized, they send a copy to Sarah so she can have it when she needs it. They also give their bank an electronic copy to keep on file.

# 6

## STEP 6: PLANNING THE TRANSITION

**Congratulations! You've taken the first crucial steps to protect your money. Now let's talk about when and how your carefully designed program will work.**

When it comes to determining when your financial advocate should take over, there are no set answers. But you, your family and your advocate should **watch for specific signs** that suggest you may need help. These signs can sometimes be hard to detect, which is why it's better to have many people paying attention. Start by discussing these signs with the people who matter to you and planning out what will happen should they appear.



**First, let's focus on the red emergency signals that suggest your advocate should get involved right away:**

- You often make serious mistakes, such as forgetting to take medications or pay the bills, failing to file tax returns, pay property taxes or insurance premiums, or you get lost when walking or driving to familiar places.
- You've made some unwise choices and lost a significant amount of money and are at risk of losing more.
- You've been admitted to a nursing home, skilled nursing facility, or assisted living facility, or you're spending a lot of time in the hospital.
- You've been diagnosed with a serious disease or physical condition that's distracting and disruptive. Examples include heart disease, stroke, some cancers, and injuries or accidents that require lengthy hospitalization. A fall resulting in serious injuries can be an indicator of significant frailty and vulnerability.
- You've been diagnosed with Alzheimer's disease or a related dementia.
- You've been diagnosed with a serious mental illness or traumatic brain injury.
- Your spouse or partner who manages your money passes away or is diagnosed with a condition such as dementia, making it hard for them to continue handling things.
- New 'friends' appear and seem to have access to your home, computer, or finances.

- Charges appear on your credit card for unusual purchases or new charitable causes – charges that you don't remember.
- Your doctor, lawyer, accountant, or financial advisor contacts you or your financial advocate to express concern.



**Next let's focus on the yellow caution light signs that, taken together, might indicate you need some help:**

- You need caregivers\* to help you with tasks such as preparing food, getting dressed, and taking medications.
- You drive less because you don't feel safe.
- You spend more time alone because it's harder for you to visit with others or keep up with conversations.
- You start neglecting tasks like looking at your account balances, home maintenance, housekeeping, and food shopping and preparation—chores that you used to do just fine.

- You forget to pay a few bills on time, or you pay the same bill twice.
- Your personal habits change. For example, you don't always return phone calls or emails when you used to respond right away, or you don't keep up with hobbies anymore.
- You start having trouble doing business over the phone or handling familiar tasks on the computer.

Just one of these warning signs may not be enough to turn finances over to your advocate, but more than one might be a warning that it's time to begin giving your financial advocate more jobs to do. This is a good time to sit down and discuss what help you might need.

\*Remember: while home health aides and other caregivers can help with daily activities, they should not have access to your money or personal information.

## Temporary incapacity

There are situations in which having trouble managing your money is only temporary, like an illness, accident, or major surgery where you expect to fully recover your ability to make decisions and monitor your money. Even in these instances you may need your financial advocate to step in for a time.

## You or others start noticing some signs. Now what?

Time to put your plan into action! Based on the signs, a full transition might be needed. But if you can still handle many of your money matters, we recommend you transfer responsibility to your advocate gradually, based on the help you need. Here are some smart tips to prepare for an easy, less stressful transition for both of you.

### **Go over your updated financial inventory in detail with your financial advocate.**

Consider this your advocate's "financial orientation." You might feel uncomfortable openly sharing information that you used to keep private, but remember that you chose your financial advocate because you can trust them. They'll need to be fully familiar with information to do a good job. If your finances are fairly complicated, you can cover the information over a couple of sessions.

For more help, go to [thinkingaheadroadmap.org/downloads](http://thinkingaheadroadmap.org/downloads) and read, "What does a financial advocate do?"

**Mentor your advocate**, giving them one or two tasks to get started. Listening and seeing are important, but your financial advocate will learn more by doing. Log on to your financial accounts together so that your advocate becomes familiar with your monthly statements and the websites you visit. If you use two-step verification, make sure your advocate can access your online account. Pay a bill together, or make a sample budget that shows how you spend your income. This will give you a chance to answer questions and gain a sense of how your advocate might make decisions on your behalf.

**Introduce your advocate to any financial advisors you work with**, such as your accountant, investment advisor, or other financial support people. Bring your advocate to a financial planning or tax prep meeting to show them how you think through big decisions. If the financial firm has a "trusted contact" form that allows them to reach out to your advocate if concerns come up, fill it out.

**Be sure your advocate has a copy of your financial POA.** Without a copy of your POA document, financial companies won't allow your advocate to handle your money matters. You can also share your POA directly with any financial professionals you work with and ask them to keep it on file.

**Talk with your advocate about the signs** that may indicate you need more help in the future. Develop your own "early warning system" and discuss it with professionals such as your health care provider, as well as the people in your life who matter to you. They can alert you and/or your advocate if they notice signs and can help get your financial advocate on board.



### **See if your bank or other financial institution offers a view-only option**

to let your financial advocate (or other trusted person) view your statements online or get duplicate paper copies without giving them full authority over your transactions. This is a great way to allow someone to keep an eye on your money while they are learning how to manage your finances.



## PUTTING THE PLAN INTO ACTION

Maria gradually takes over the household finances from David when he starts having more medical issues. One weekend when Sarah is in town, she and Maria go over their financial inventory in detail, covering their accounts and bills, and talking about what matters most as Maria and David get older.

Over time, the warning signals Maria discussed with Sarah become more apparent. Maria and David agree it is time to move into a community with services for older adults. Sarah helps with the contracts and works with a realtor to sell their house so that Maria and David can use the money for current and future needs.

Even though Sarah still lives out of state, she is able to monitor their accounts online and pay their bills. A close friend visits Maria and David often, calling Sarah with updates on how they're doing. He helps Sarah determine that the couple is getting quality care.

Maria and David feel secure knowing that they have caring and trustworthy people looking out for them. Sarah feels confident knowing that she has the tools and knowledge to keep their money safe and the authority to use it according to their wishes.

## Remember, there is no one "right" way to make this transition.

Each person's circumstances are unique, which is why including your financial advocate in decisions early on will give them time to learn how you take care of your money. When warning signals show up, your advocate will already know how to help.

You can feel safe and sound knowing your money is in good hands. That's the key to a smoother transition for both of you.



**"Having your wishes laid out gives your loved ones something actionable they can do and know they are also doing right by you. What a wonderful gift!"**

-Heidi G., age 63.

# About the project

Our goal is to inspire aging adults to plan ahead. Development of the Thinking Ahead Roadmap was supported by a generous grant from AARP with foundational research sponsored by the Society of Actuaries.

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## The roadmap was guided by:



**27 INTERVIEWS**

27 in-depth interviews with elder law attorneys, financial advisors, geriatric health professionals, older adults, and caregivers of older adults.



**OVER 120  
SHARED  
STORIES**

It was also guided by four focus group interviews with adults from diverse race, ethnic, and income backgrounds; and a 2-week online forum where more than 120 older adults shared their personal stories and perspectives on advance financial care planning.

We continue to invite feedback with the goal to make the Thinking Ahead Roadmap more valuable, accessible, and empowering.

Contact us at  
[info@thinkingaheadroadmap.org](mailto:info@thinkingaheadroadmap.org)

# About the authors

**Marti DeLiema** is a gerontologist and research assistant professor at the University of Minnesota School of Social Work. Dr. DeLiema's mission is to find solutions to help people achieve financial security in old age through research on advance planning and fraud and scam prevention. She collaborates with federal agencies and non-profit organizations to develop and test interventions to help keep seniors' money safe.

**Naomi Karp** is a lawyer whose career has focused on improving later life for older adults. In her work for large non-profit organizations and the federal government, she has engaged in research, policy formulation and advocacy on health care, long term services and supports, financial exploitation, advance planning and consumer protection. Currently she is an independent consultant on law and aging working with government agencies and non-profit organizations.

**Steve Vernon** is president of Rest-of-Life Communications, where he uses his actuarial expertise and experience to address the series of critical decisions and issues facing older workers and retirees throughout the rest of their lives. He has published seven books on retirement planning and has written more than 1,000 posts on retirement topics for CBS MoneyWatch and Forbes.com.

As a graduate assistant to Marti DeLiema at the University of Minnesota School of Social Work, **Mingyang Zheng** assisted with the preparation of the Thinking Ahead Roadmap. The authors are grateful for his help.