

Financial Decision Making

James A. Jaeger
Hill, Glowacki, Jaeger & Hughes, LLP
jjaeger@hill-law-firm.com
608-244-1354

Introduction

- Need for help when incapacitated
- Avoid going to court—make the decision yourself
- The approach depends on the complexity of your finances—one size doesn't necessarily fit all

Joint Accounts

- What it is: Two or more people have their “name” on account and own it. All owners can manage account.
- Advantages:
 - Simple to Create
 - Easily Understandable
 - Avoid Probate

Joint Accounts

- Disadvantages
 - Creating ownership interest in other joint tenant(s)
 - Other owners may exploit elder and it may not be illegal
 - May upset estate plan
 - Won't deal with assets not in account

POA Bank Account

- What is it? Bank account in name of parent with child(ren) named as signers on the account.
- Advantages
 - Easy to create and use
 - No ownership interest in POA
 - Won't affect Estate Plan

POA Bank Account

- Disadvantages
 - POA can still exploit (but at least it's a wrongful act)
 - Only deals with bank account—not other assets
 - Doesn't deal with transfer at death (but you can add a POD)

SSA Representative Payee

- What is it? Have Social Security appoint someone to manage Social Security payments (including SSI, SSDI, SSDAC and regular Social Security Benefits)
- Advantages
 - Easy to set up
 - Monitored by Social Security

SSA Representative Payee

- Disadvantages
 - Only affects Social Security Benefits
 - Many provide annual account to SSA

Durable Power of Attorney

- What is it? Document that allows one person (an agent) to manage assets for another person (principal)
- Advantages
 - Can handle more complex assets
 - Can be tailored to meet individual needs
 - Can handle more complex transactions such as gifts and marital property agreements

Durable Power of Attorney

- Disadvantages
 - More expensive to create
 - No guarantees against abuse (those safeguards can be built in)
 - Giving someone a lot of power over assets
 - Does not deal with at death transfers

Revocable Trust

- What is it? A device to allow someone to manage some or all of your assets and to provide disposition at death.
- Advantages
 - Can handle complex financial and tax situations
 - Can be useful even if incapacitated
 - Can handle transfers at death

Revocable Trust

- Disadvantages
 - More Expensive to set up
 - May be too complicated for simple estates
 - Post death administration more complicated where there are family disputes—no easily available forum to resolve disputes