

Advance Financial Planning

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Joint Accounts

Advantages:

- Simple to Create
- Easily Understandable
- Non Probate Transfer at Death

Disadvantages:

- Creating ownership interest in other joint tenant
- Can be exploited
- May upset estate plan
- Won't deal with other assets

Power of Attorney Bank Account

Advantages:

- Easy to create and use
- No ownership interest in POA
- Won't effect Estate Plan

Disadvantages:

- POA can still exploit (but will be engaging in wrongful act)
- Only deals with account in question, not other assets
- Won't deal with at death transfer (but can use Payable on Death to do this)

Social Security Representative Payee

Advantages:

- Easy to set up
- Monitored by Social Security

Disadvantages:

- Only affects Social Security Benefits, not other assets
- Must annually account to Social Security

Durable Power of Attorney for Finances

Advantages:

- Can handle more complex assets
- Can be tailored to meet individual needs
- Can handle more complex transactions (such as gifts)

Disadvantages:

- More expensive to create
- No guarantees against abuse (though you can build in safeguards)
- Giving someone a lot of power over all of your assets

Revocable Trust

Advantages:

- Can handle complex financial and tax situations
- Can be useful even if incapacitated
- Can handle at death transfers

Disadvantages:

- More expensive to set up
- May be too complicated for many rather simple estates
- Post death administration can be complicated if there are family disputes—no easily available forum to monitor