

Review your powers of attorney at least every 5 years

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Powers of attorney are critical components of an effective estate plan. After you've executed powers of attorney, it's important to review them periodically — at least every five years and preferably more frequently — and consider executing new ones.

Two types

A sound estate plan should include two types of powers of attorney:

1. **Financial power of attorney.** Also referred to as a power of attorney for property, this document appoints someone to make financial decisions or execute transactions on your behalf under certain circumstances. For example, a power of attorney might authorize your agent to handle your affairs while you're out of the country or, in the case of a "durable" power of attorney, incapacitated.
2. **Health care power of attorney.** This document, which also may go by other names (e.g., Advance Directive for Health Care, Living Will or Health Care Proxy), appoints someone to make medical decisions on your behalf if an illness or injury renders you unconscious or otherwise incapacitated and unable to make decisions for yourself.

Four reasons to review

Here are four reasons to review your powers of attorney regularly:

1. Your wishes may have changed.
2. The agent you designated to act on your behalf may have died or otherwise become unavailable. Or you may no longer trust the person you chose.
3. If you designated your spouse as your agent and later divorced, you probably want to designate someone else.
4. If you've since moved to another state, your powers of attorney may no longer work the way you intended. Certain terms have different meanings in different states, and states don't all have the same procedural requirements. Some states, for example, require *durable* powers of attorney to be filed with the local county recorder or some other government agency.

Liability concerns

Even if nothing has changed since you signed your powers of attorney, it's a good idea to sign new documents every few years. Because of liability concerns, some financial institutions and health care providers may be reluctant to honor powers of attorney that are more than a few years old. We'd be pleased to review your powers of attorney today and, if necessary, assist in executing new ones.

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