



Why is naming a Power of Attorney important?

Joint Account or Power of Attorney: What's Right for me?

Joint accounts and powers of attorney are helpful tools to provide you with the peace of mind of knowing there is a plan for your economic future if you encounter future health challenges. These accounts can be used when you are perfectly healthy, too. It is important that you understand these tools, and how and when you may want them to be a part of your financial plan. Once you understand how both joint accounts and powers of attorney work, you will have a much better perspective on whether or not you want to add them to your financial planning toolkit.

What is a Joint Account?

With a joint account:

- Two or more individuals have access to the account;
- Each person can deposit, withdraw or transfer funds – regardless of who put the funds into the account;
- Deposits payable to only one of the joint account-holders can still be deposited into the account;
- It's easy for a delegate to manage bill payments and other day-to-day banking needs.

However, there are some risks: joint accounts can leave you vulnerable to financial abuse, since everyone has full and equal access to the funds regardless of where they originated. Importantly, when one of the individuals passes away, the funds are split among the remaining account holders. As such, if you put your parents or children on your joint

account, they will receive the percentage of the account if you pass away—regardless of what your will states.

What is a Power of Attorney?

A power of attorney is a legal document in which you assign one or more individuals, known as an "attorney," the authority to act on your behalf regarding financial or legal matters for some property (in this case, your accounts). Don't let the term "attorney" confuse you. While you may choose a lawyer for this role, it's more often someone close to you: a friend or family member. You can give them the authority to act on all your property and financial matters, or it can be limited to specific functions, such as managing your investments.

Which should I choose?

Since this decision can have a significant impact on your well-being, carefully weigh your options when selecting your account type. If you only want the person to help you with your finances, and not obtain the money when you pass away, the power of attorney may be the best option.

If you have more questions on this topic, we recommend you talk with a lawyer, trusted financial advisor, or accountant.



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