

What is the difference between a power of attorney and a durable power of attorney?

Wealth Managed to a Fiduciary Standard

At RDM, we help you coordinate what is often multiple financial goals (wealth accumulation, retirement income, legacy planning, etc.) through a maze of tax, legal and investment possibilities. It is critical to understand, develop and implement effective, long-term strategies that align with your objectives and prepare you for the future.





What is the difference between a power of attorney and a durable power of attorney?



A power of attorney is a legal document that authorizes someone to act for you. You name someone known as an agent or attorney-in-fact (though the person need not be an attorney) who steps into your shoes, legally speaking. You can authorize your agent to do such things as sign checks and tax returns, enter into contracts, buy or sell real estate, deposit or withdraw funds, run a business, or anything else you do for yourself.

A power of attorney can be broad or limited. Since the power-of-attorney document is tailored for its specific purpose, your agent cannot act outside the scope designated in the document. For example, you may own a home in another state that you want to sell. Instead of traveling to that state to complete all the necessary paperwork, you can authorize someone already in that state to do this for you. When the transactions to sell the home are complete, the agency relationship ends, and the agent no longer holds any power.

A regular power of attorney ends when its purpose is fulfilled or at your incapacity or death.

A durable power of attorney serves the same function as a power of attorney. However, as its name implies, the agency relationship remains effective even if you become incapacitated. This makes the durable power of attorney an important estate planning tool. If incapacity should strike you, your agent can maintain your financial affairs until you are again able to do so, without any need for court involvement. That way, your family's needs continue to be provided for, and the risk of financial loss is reduced. A durable power of attorney ends at your death.

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