



ROLL OVER TO PLAY

MISSES XXX SCORE 0

SOLID KEEPS SAVINGS FROM SLIPPING BY

SUBSCRIBER LOGIN:

- The Kiplinger Letter
- Tax Letter
- Retirement Report
- Biofuels Market Alert
- Agriculture Letter
- Manage Your Subscriptions

Kiplinger

Search

ADVERTISEMENT
T.RowePrice
Get started today

TOOLS BASICS INVESTING TAXES INSURANCE FAMILY FINANCE LIVING RETIREMENT YOUR BUSINESS

**From the Retirement Report**

- ABCs of Reverse Mortgages
- Tips for Retirees Seeking Work
- Leave a Tax-Free Legacy

**New Rules on Flex Plans**

- Smart Ways to Spend It
- How Much to Set Aside?
- FSA vs. Dependent Care?

**A Financial Planner for You**

Choosing someone to help manage your money is a big deal. Be sure to ask the right questions.

MAKING YOUR MONEY LAST

Prevent Power of Attorney Abuse

Even your closest relative can steal from you, so employ safeguards to protect your assets.

By Kathryn A. Walson, Staff Writer, *Kiplinger's Retirement Report*

August 1, 2009

EDITOR'S NOTE: This article was originally published in the June 2009 issue of Kiplinger's Retirement Report. [To subscribe, click here.](#)

You may think you have nothing in common with the late Manhattan philanthropist Brooke Astor. Her son, Anthony Marshall, is on trial on criminal charges, accused of abusing the power of attorney his mother gave him to control her financial affairs.



GET KIPLINGER'S
PERSONAL FINANCE
MAGAZINE FOR \$12.

SAVE 75%!

Subscribe >

But power-of-attorney abuse doesn't happen only to the fabulously wealthy. Estate-planning lawyers and prosecutors are noting a rise in abuse, which usually is committed by a relative, friend or caretaker. "If the wrong person has the power of attorney, you can end up with a disastrous result," says Jeffrey Skatoff, a lawyer with Clark Skatoff, in Palm Beach Gardens, Fla.

Even when older clients swear that their children or friends are above reproach, lawyers are recommending provisions to power-of-attorney documents to safeguard assets. These measures attempt to prevent designated agents from spending money on themselves or changing beneficiaries on estate plans.

A power of attorney authorizes an agent to take over financial matters if the person becomes incapacitated. The agent can pay bills, open and close bank accounts, trade securities and make

gifts.

Because the document grants so much discretion to someone else, select an agent while you're healthy and can make sound choices. Older people who have doubts about the capability of a possible agent -- perhaps, a son who is in serious debt -- should choose someone else. "They should name someone who's good with money and someone they trust beyond belief," says Jason Coomer, a lawyer in Austin, Tex. Courts do not supervise agents.

You're not locked in to your decision. "If you no longer think you made a good choice, you can revoke the power of attorney and give it to someone else," says Naomi Karp, strategic policy adviser with AARP Public Policy Institute. Power-of-attorney laws vary from state to state.

Today on Kiplinger

- A Cold, Cold War over Arctic Oil and Gas
- Why Davidson Scores Big
- Don't Keep This Deal Site a Secret
- Is the Dollar Really Going Out of Style?
- Media's Bright Spots
- Home Remodeling Perking Up

Text Size T T

Comments (1)

Email This Article

Share This Story

Print This Article

Order a Reprint

ADVERTISEMENT

FLORIDA PREPAID COLLEGE PLANS
Save today for their tomorrow.



Get your retirement plan back on track.

Most Popular

Most E-mailed

Most Commented

1. Time Your Closing Right To Save Thousands
2. Best Values in Private Colleges
3. 7 Ways to Protect Your Stock-Market Gains
4. Boost Your Social Security Benefits
5. Why You Should Hang on to Your Bonds
6. Why Davidson Scores Big

More

You can set up a power of attorney to take effect immediately. If you're still capable of handling your own affairs, you can build in protection by placing it "in escrow" with your lawyer. "We hold on to it until we can verify that the client is incapacitated," says Skatoff.

Another approach is a "springing" power of attorney, which springs into effect after you can no longer handle your affairs. Make it clear in the document how incapacitation should be determined, perhaps by getting the sign-off of two doctors.

To prevent abuse, states are considering adopting the Uniform Power of Attorney Act, a model legislation approved by the National Conference of Commissioners on Uniform State Laws. The proposed law would prohibit an agent from changing an estate plan and from making gifts, says Lori Stiegel, senior attorney with the American Bar Association. New Mexico, Idaho and Colorado have approved the measure. Until your state passes its own law, you can take these precautions:

Build in oversight. You could note in the document that the agent must answer to a third party. For example, if your daughter has the power of attorney, she would have to provide a written summary of her financial actions, such as check writing, to your son, best friend or a lawyer.

Notify others. Tell other family members and financial institutions that you're granting someone power of attorney. They can then watch out for unusual activity, such as large withdrawals from a bank account.

Assign co-agents. Consider granting power of attorney to more than one person, perhaps two of your children, or a child and a trusted friend. "They can discuss the issues between the two of them, and each one can look over the other's shoulder," says Deborah Corlett, a lawyer with O'Brien Watters & Davis, in Santa Rosa, Cal.

Limit the powers. For instance, you could allow your agent to pay bills and manage brokerage accounts, but not to change a will or the beneficiary designations on life insurance.

For more authoritative guidance on retirement investing, slashing taxes and getting the best health care, [click here for a FREE sample issue](#) of Kiplinger's Retirement Report.

TOPICS: [Making Your Money Last](#)

[Print](#) [Comments](#) [Email](#) [Share This Story](#) [RSS](#)

DISCUSS

Name: E-mail:

Enter your comment

[Post Your Comment](#)

READER COMMENTS (1)

Posted by: mike at 08/16/2009 03:22:39 AM

i had my dad go blind & have several strokes...my BROTHER had my blind dad signing documents including power of attorney & i & my 2 children got screwed out of 2 million...

TODAY'S VIDEO

[MORE VIDEOS >>](#)

U.S. Economic Outlook - Kiplinger Forecast



SunTrust Bank, Member FDIC.

National Credit Card Rates

Product	Today	+/-	Last Week
Business	12.06%	▲	11.86%
Rewards	14.38%	▲	14.26%
Low Interest	9.74%	▲	9.55%
Frequent Flyer	14.31%	▲	14.28%
Gas Rewards	14.48%	—	14.48%

Compare, Decide & Apply: All Featured Cards [GO](#)

[Bankrate.com](#)

Connect With Kiplinger

[Follow Us on Twitter](#)

[Become a Fan on Facebook](#)

[Subscribe to RSS](#)

E-mail Alerts: Select the Kiplinger columns and topics to be delivered to your inbox:

Enter your email address

[Sign Up](#)

Tip'd: Community for Financial News

Kiplinger.com: Hot on Tip'd

12 2010 Retirement-Account Contribution...

16 Be a Better Investor

26 Earn 4% on Your Savings

21 10 Ways to Conquer Your Procrastination

KIPLINGER PUBLICATIONS

SUBSCRIPTION PRODUCTS: [Kiplinger's Personal Finance Magazine](#) [Kiplinger's Retirement Report](#) [The Kiplinger Letter](#) [The Kiplinger Tax Letter](#)
[The Kiplinger Agriculture Letter](#) [Kiplinger's Biofuels Market Alert](#)

ANNUAL SPECIAL EDITIONS: [Kiplinger's Mutual Funds](#) [Kiplinger's Retirement Planning](#) [Success with Your Money](#)

OTHER PRODUCTS: [Your Family Records Organizer](#) [Audio Conferences](#) [Training and Development Tools](#)

MORE INFORMATION

KIPLINGER WASHINGTON EDITORS INC.: [About](#) [Customer Service](#) [Employment](#) [Products](#) [Advertise](#)

CORPORATE SALES: [Advertising](#) [Content Sales](#) [Reprints](#) [Photocopies](#) [Syndication](#) [Partnerships](#) [Subscriptions](#)

KIPLINGER.COM: [Contact](#) [Privacy Policy](#) [Advertise](#) [Media Kit](#) [Partnerships](#)

KIPLINGER'S PERSONAL FINANCE MAGAZINE: [Contact](#) [Give a Gift](#) [Reader Panel](#) [Digital Edition](#) [Advertise](#) [Media Kit](#)

KIPLINGER'S RETIREMENT REPORT: [Advertise](#)

21 21 Secrets to Save on Travel

More...

[Join Tip'd \(it's free\)](#)

ADVERTISEMENT

Sponsored Links

The Business of Entertainment

Learn Management, Artist Relations, Producing and More with an Online Degree.

www.FullSail.edu

High Yield CD Rates

Highest Interest CD Rates. Up to 5.25%. FDIC Bank Insured

JustClickLocal.com

Great Municipal Bonds

Don't miss your opportunity to invest in high yielding municipal bonds! Invest!

JustClickLocal.com

Free Gaining Penny Stock Picks

Over 600% Gain, Proven Track Record! Gaining Penny Stock Market Picks and Info

www.SuperNovaStockPicks.com

Buy Real Estate With Your IRA

Use Your IRA Finance Real Estate--Get A NAFEP Self Directed IRA-- Grow Your IRA With Real Estate.

www.nafep.com

[Buy a Link Now](#)

[Search](#) [Site Map](#) [E-mail Alerts](#) [Forums](#)

All Contents © 2009 The Kiplinger Washington Editors