

attorney until that agent knows (or reasonably should have known) of the disability or incapacity of the principal.

3. If the power of attorney document provides a specified termination date, the power self-destructs on the specified date.
4. The principal may revoke the power of attorney. The revocation is only effective with respect to those who are notified of the revocation. So, for example, if a financial institution does not know of the revocation and acts in good faith reliance on the power of attorney, the principal is bound by the agent's actions even if contrary to the principal's intention.

How do I create a power of attorney?

A power of attorney must be in writing. In many states, the law establishes a standard form that can be used to create a power of attorney, although the standard form is usually not the exclusive method to create a power of attorney. Those who are frequently presented with powers of attorney, such as financial institution officers, often establish their own power of attorney document so that they are familiar with the contents of the document. If you want to create a specific power of attorney to grant authority to an agent to act with respect to a particular third party, it is advisable to see if the third party will supply you with a power of attorney form.

Of course, the power of attorney document must name the principal and the agent, and it must describe the authority that the principal is granting to the agent. The principal must sign and date the document. The law in some states may provide additional requirements, such as an acknowledgment of the principal's signature.

If you have any questions about creating a power of attorney or the effects of a power of attorney, we encourage you to seek the advice of legal counsel.

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Consider the benefits of authorizing a power of attorney

What is a power of attorney?

A power of attorney is a written document in which a person appoints someone to act on his or her behalf. The person authorized to perform the acts is called an *agent* or, sometimes, an *attorney in fact*. The agent does not need to be a licensed attorney. The person who appoints the agent to act on his or her behalf is called a *principal*.

Why consider a power of attorney?

A power of attorney allows a busy or absentee principal the flexibility of having another person, the agent, authorized to act upon the principal's behalf. For instance, an individual may want to grant a spouse, sibling, parent, or close friend the authority to handle legal affairs while out of the country for an extended period of time or during recovery from an injury or illness. The principal still retains complete authority to act on his or her own behalf.

Are there different types of powers of attorney?

Yes. There are durable powers of attorney and nondurable powers of attorney. There are general powers of attorney and specific powers of attorney.

A *durable power* continues to be effective even after a principal becomes disabled or incapacitated. A *nondurable power* is terminated if the principal becomes disabled or incapacitated.

A *general power* grants the agent the power to do virtually all legal acts which the principal can do. A *specific power* gives an agent the authority to perform only those types of acts that are specified by the principal in the power of attorney documents.

What are some examples of the different acts a principal may grant to an agent?

There are almost no limits to the types of acts that a principal may properly authorize an agent to perform. An exception to this general rule is that the principal cannot authorize an agent and rely on the agent to perform duties that cannot be delegated to another. For instance, a violin virtuoso could not appoint an agent to perform a concert in her place.

A principal may authorize an agent to perform acts in connection with:

Real Property. An agent may buy or sell land on behalf of the principal, pay property taxes on land owned by the principal, lease real property, contract for or perform maintenance on the property, mortgage or encumber the property, or otherwise act in connection with the real property of the principal.

Personal Property. An agent may buy or sell stocks or bonds on behalf of the principal, buy or sell other personal property, contract for or perform maintenance, arrange storage for personal property, or otherwise act in connection with the personal property of the principal.

Financial Transactions. An agent may open, close, or modify a principal's bank account or arrange for or cancel bank services. An agent may lease a safe-

deposit box for the principal and access a safe-deposit box leased to the principal to remove or add property to the box. An agent may receive bank statements, notices, or similar documents and endorse checks or otherwise withdraw funds from the principal's account. An agent may apply for and receive credit on behalf of the principal. The principal may specify that the agent has authority only over particular accounts, has authority to conduct only specific types of transactions, or has authority to deal only with a particular financial institution.

Personal Matters. An agent may act for the principal in personal matters, such as the purchase of life or health insurance, investing in retirement accounts, or arranging for health care. Some states provide a special standard form for a health care power of attorney.

When does a power of attorney begin and end?

A power of attorney is effective immediately unless another effective date is specified in the document. A power of attorney is commonly terminated in one of the following ways:

1. A power of attorney is terminated by the death of the principal. However, an agent in good faith can continue to rely on a power of attorney until that agent knows (or reasonably should have known) of the death of the principal.
2. A nondurable power of attorney is terminated by the disability or incapacity of the principal. As with the death of the principal, an agent in good faith can generally continue to rely on a power of