

# Estate Planning: Covering Your Bases, Part 1

Regardless of your age, health, or wealth, estate planning involves attending to documents key to executing your wishes should you become physically or mentally unable to direct your own estate plan.



Stephen C. Schramm, CFP<sup>®</sup>, CPA/PFS  
Principal, Senior Financial Advisor  
HBKS<sup>®</sup> Wealth Advisors



Amy L. Dalen, JD  
Senior Tax Manager  
HBK CPAs & Consultants

As critical as estate planning is, assuring your estate will be distributed as you wish is far from difficult or complicated. For most of us, estate planning boils down to executing a few key documents: a will, a durable power of attorney and advance medical directives, and occasionally, one or several types of trusts. In this series of three articles, Stephen Schramm, HBKS Wealth Advisors, and Amy Dalen, HBK CPAs & Consultants, explain the role each of these documents plays in your estate planning process. The following article, part 1 of the series, addresses Durable Power of Attorney and Advance Medical Directives.

## Durable Power of Attorney

If no one is ready to look after your financial affairs when you are physically or mentally unable, your property may be wasted, abused or lost. A Durable Power of Attorney (DPOA) helps protect your property by authorizing someone else to act on your behalf, so he or she can do things like pay everyday expenses, collect benefits, watch over your investments and file tax returns.

There are two types of DPOAs: an Immediate DPOA, which is effective immediately and might be appropriate, for example, if you face a serious operation or illness; and a Springing DPOA, which is not effective unless or until you become incapacitated.

If you reside in more than one state, you may need a DPOA for each state as different states have different requirements. Some states do not permit DPOAs. In those situations, a living trust may be used to avoid a guardianship proceeding. Your HBK advisor can help you with state-specific rules.

## Advanced Medical Directives

Advanced medical directives let others know what medical treatment you would want, or allows someone to make medical decisions for you, in the event you are unable to express your wishes yourself. If you don't have

There are three types of advanced medical directives. Each U.S. state restricts legal access to a certain type or types. You may find that one, two or all three types are necessary to carry out all of your medical treatment intentions.

an advanced medical directive, medical decisions are left to your family members, your guardian (if appointed) and your physician; they could choose to prolong your life using artificial means.

There are three types of advanced medical directives. Each U.S. state restricts legal access to a certain type or types. You may find that one, two or all three types are necessary to carry out all of your medical treatment intentions. If more than one is drafted, it is important to ensure all documents are consistent:

**Living Will.** Allows you to approve or decline certain types of medical care, even if you will die as a result of that choice. In most states, living wills take effect only under certain circumstances, such as terminal injury or illness. Generally, one can be used only to decline medical treatment that “serves only to postpone the moment of death.” In those states that do not allow living wills, you may still want to have one to serve as evidence of your wishes.

**Durable Power of Attorney for Health Care** (known as a health-care proxy in some states). Allows you to appoint a representative to make medical decisions for you. You decide how much power to assign to your representative.

**Do Not Resuscitate (DNR) Order.** A doctor’s order that tells medical personnel not to perform CPR or other life-saving measures if you are faced with a severe life-threatening situation. There are two types of DNRs. One is effective only while you are hospitalized. The other is used when you are outside the hospital. □

**Stephen Schramm, CFP®, CPA/PFS**, is a Principal and Senior Financial Advisor for HBKS Wealth Advisors. He directs an HBK team of financial advisors and administrators who develop financial plans, including tax-efficient portfolios, that address client-specific problems and design solutions specific to clients’ financial needs and goals.

**Amy Dalen, JD** is a Senior Tax Manager in the Tax Department at HBK CPAs & Consultants and provides support services for the CPAs in all 12 HBK offices. She primarily focuses on estate, gift, trust and individual taxation.

Insurance products are offered through HBK Sorce Insurance LLC. Investment advisory services are offered through HBK Sorce Advisory LLC, doing business as HBKS® Wealth Advisors. NOT FDIC INSURED - NOT BANK GUARANTEED - MAY LOSE VALUE, INCLUDING LOSS OF PRINCIPAL - NOT INSURED BY ANY STATE OR FEDERAL AGENCY. HBKS® Wealth Advisors is not a legal or accounting firm, and does not render legal, accounting or tax advice. You should contact an attorney or CPA if you wish to receive legal, accounting or tax advice.