

# Essential Documents to Review During Volatile Times



By Anthony J. SCROCCO, CFP®, CPA  
Financial Advisor

**“RISK HAPPENS FAST”** is an oft-quoted phrase in the world of investing and financial markets. It never happened faster than this past February and March when the U.S. stock market lost more than 30 percent of its collective value in five weeks, the fastest 30 percent-plus drawdown in the market’s long and storied history. We all know the COVID-19 health pandemic prompted this unprecedented and brutally volatile response, as global shutdowns of commerce and life as we knew it took hold as an attempt to curtail the spread of this deadly virus.

While assessing risk is always a concern for investors, it can also be a product of unexpected events, occasions that trigger substantial financial strain. These unforeseen happenings can materialize in the form of lost employment, sudden death, natural disasters or serious health-related events. For most, COVID-19 has proven both sudden and life changing.

The stock market’s extraordinary recovery from its March 2020 lows presents investors with an opportunity to reassess their portfolios’ risk levels along with their financial planning needs and goals. Similarly, and arguably as critical, now is a timely opportunity to reassess your protection planning; update essential documents, such as living wills and power of attorney designations; and consider your overall disaster preparedness. As part of this review process it is vital to make sure important documents are updated — or established if not yet in place — organized, and stored securely along with related financial information. And wherever you store them, make sure that at least one other person you trust knows where they are and can access them on your behalf if necessary.

## **ESSENTIAL DOCUMENTS AND PLANS TO CONSIDER:**

- **Last Will and Testament, and Trusts** — A will dictates distribution of your assets and property upon your death. It should also name a guardian for any children under 18 and an administrator for your estate. A trusts may be appropriate for addressing more sophisticated situations; assets held in the name of your trust will avoid probate.

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- **Financial Power of Attorney** — Name a trusted individual to legally handle matters and manage assets related to your finances and taxes in the event you cannot.
- **Living Will** — Includes a written set of healthcare wishes, such as end-of-life care and religious considerations during medical care. It will provide guidelines to follow to family members should you become terminally ill. These documents go by different names, including medical directives and advance healthcare directives.
- **Healthcare Proxy and HIPAA Release** — Your proxy is a person authorized to make medical decisions on your behalf if you are unable to. A HIPAA release permits another person (family and/or healthcare proxy) to share information about your medical history and treatment with medical providers.
- **Beneficiary Designations** — Beneficiaries of assets such as your retirement accounts and life insurance contracts will directly inherit those assets and proceeds upon your death. These designations supersede your will.
- **Life Insurance** — Review current policies to ensure your coverage is appropriate and adequate.
- **Inventory** — Organize an inventory of your assets and belongings, personal documents and financial documents. Consider your digital assets as well, such as digital files, photos and passwords.

While it is important to ensure that all these documents are updated, some updates may be more urgent than others, such as medical instructions and power of attorney in the event of an illness like COVID-19, beneficiaries, and fiduciaries and guardians for minors.

Significant events in both life and the financial markets serve as reminders to consistently reassess your financial strategies and essential documents. Dealing with medical or other disasters that cause financial distress can be overwhelming. Remember that “risk happens fast.” Being prepared for adversity will help mitigate the accompanying fear and uncertainty. As we enter the second half of 2020, volatile and unprecedented circumstances persist due to the COVID-19 health pandemic. There is no better time to address these essential documents and topics with your attorney, CPA and fiduciary financial planner.

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## **Anthony J. Scrocco, CFP<sup>®</sup>, CPA**

Financial Advisor, HBKS<sup>®</sup> Wealth Advisors

Anthony Scrocco is a Financial Advisor in the HBKS<sup>®</sup> offices in Youngstown, Ohio. He helps clients with personalized planning, asset management, tax and estate matters, corporate and individual retirement plans and investment fiduciary matters. You can contact Anthony at (303) 758-0428 or by email at [ascrocco@hbkswealth.com](mailto:ascrocco@hbkswealth.com).

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