



# THE POWER TO PROTECT YOUR WEALTH

## Appointing Your Financial Power of Attorney

Your Powers of Attorney are among the most important documents you may ever sign, and who you choose as your attorney is key to your well-being. Properly prepared Powers of Attorney can ensure that your wishes for your personal care and your property are carried out if you ever become unable to make certain decisions for yourself – so it's essential to find the right person for the job.

There are generally two kinds of Powers of Attorney, known in Quebec as Mandates. One kind focuses on personal care, for example making arrangements for your health care. The second kind of Power of Attorney, which we discuss in this article, focuses on your property and wealth.

Canadians today live 9 to 11 years on average past the time when they are considered “healthy.” While no one likes to think that they may one day become disabled or incapacitated, the reality is that you may need a Power of Attorney to protect your wealth if you are not able to manage it yourself.

### FINDING THE RIGHT PERSON FOR THE JOB

#### YOUR ATTORNEY'S FINANCIAL KNOWLEDGE

Your attorney will need to work with your wealth planning team, legal counsel and accountant, keep detailed

records and have an overall sense of financial responsibility. Your attorney will need to work with your Investment Advisor to determine what portion of your investments must be liquidated to pay for care if your income is not sufficient to cover these costs, and how the portfolio will be managed to ensure that your best interests are met while still reflecting your long-term objectives for your estate. Establishing these guidelines ahead of time can ensure that your wealth is protected even when you are not directly involved.

#### YOUR ATTORNEY'S RELATIONSHIP TO YOU

When you choose an attorney, consider someone who can relate to you while still being objective about managing your wealth. Like many people, you may choose your spouse. But consider the responsibilities your spouse will have to manage, along with

the emotional burden of making key decisions. Choosing a trust company instead may be more appropriate for you.

#### YOUR ATTORNEY'S AGE AND HEALTH

Many people choose adult children. If you choose an adult child who is 45 at the time of signing your Power of Attorney, and you live another 25 healthy years, your attorney will be at least 70 by the time they need to act, and may be disabled or incapacitated themselves. One way to address this risk is to appoint two people as attorneys to act together or separately. These parameters can be specified in your Power of Attorney.

#### KEEPING IT UP TO DATE

Your province has specific rules if you are unable to manage your own financial affairs. You may assume that your spouse or next of kin will automatically be assigned the



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## “MIND THE GAP” WITH POWER OF ATTORNEY PLANNING

Many Canadians will experience a “gap” in their lifetimes when they are no longer healthy but still have many more years left to live. During this time, they may be incapacitated but still require a plan to manage and protect their wealth.

To help aging Canadians plan ahead, RBC Wealth Management has published *Mind the Gap: Canada’s baby boomers need Power of Attorney planning to protect themselves*, a special report on Powers of Attorney and protecting your wealth.

While the consequences of this gap have broader societal, health and legislative implications, *Mind the Gap* focuses on the financial wellbeing of Canadians who comprise this growing population, with advice on what to look for when seeking and appointing their attorney.

*If you would like more information, or to read Mind the Gap, please contact us today.*

responsibility, but without a court order, your spouse and family cannot access your financial information. They must apply to the provincial government or court to have someone appointed to manage your affairs, which can be expensive and inconvenient.

The best way to avoid this is to keep your Power of Attorney current, and to update it any time a change that could impact you occurs. Your Power of Attorney document needs to be up-to-date to be legally effective.

### APPOINTING MULTIPLE ATTORNEYS

Once you have considered the above, you may wish to consider appointing more than one attorney. If you do, you can require that your attorneys act together (“jointly”) or you can give your attorneys the flexibility of carrying out their duties separately or together (“jointly and severally”). Many people appreciate having more than one decision maker acting together, as it reduces the chances that your assets will be mismanaged. It is important to seek legal advice so that you understand what each attorney can do on your behalf alone, what actions must be taken jointly and how to deal with conflicting instructions.

### APPOINTING A PROFESSIONAL ATTORNEY

It goes without saying that the role of Attorney can be a tremendous responsibility, and for a number of reasons some people choose a licensed trust company to act as their attorney.

When you work with a trust company, you will have a written, signed agreement specifying the duties that will be carried out on your behalf.

While your family members may not be familiar with estate planning laws or terminology, a trust company’s advice is timely and based on current estate planning requirements and regulations. Most trust companies, as providers of these services, can tailor a service package to your needs, comprising custody, recordkeeping and accounting, and support for the investment of trust assets.

### OUR ROLE IN EASING THE BURDEN

No matter how seriously your chosen attorney takes their responsibility, we are here to help alleviate the burden. Your advisor can provide specific expertise to the attorney, manage ongoing administration such as bill payments and recordkeeping or, at the outset, help you find the right person for the job. Ultimately, a well-appointed attorney will bring peace of mind to you and your loved ones.

*Your Power of Attorney should be reviewed and discussed with your lawyer or notary so you understand your attorney’s powers and duties. For more information on appointing an attorney, or with any estate planning questions, please contact us for an introduction to an RBC Estate & Trust Services advisor.*

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