

Power of Attorney Explained

Understanding the types, uses, and critical importance of POA in your estate plan.

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What Is Power of Attorney?

A Power of Attorney (POA) is a legal document that grants a person you trust — called your **agent** or **attorney-in-fact** — the authority to act on your behalf in legal, financial, or medical matters. Without a POA, if you become incapacitated, your family may need to petition a court for guardianship or conservatorship — a process that is expensive, time-consuming, invasive, and public.

A Power of Attorney is not optional. It is one of the most critical documents in any estate plan. Without it, your family may spend months and thousands of dollars in court simply to pay your bills or make medical decisions on your behalf.

Types of Power of Attorney

Type	Scope	When Active
General POA	Broad authority over all financial and legal matters	Immediately; ends at incapacity or death
Durable POA	Same as general, but survives incapacity	Immediately; continues through incapacity

Springing POA	Same scope, but only activates upon a triggering event	Upon incapacity (requires physician certification)
Limited/Special POA	Restricted to specific transactions or time periods	As defined in the document
Healthcare POA	Medical decisions only	Upon incapacity to make medical decisions

For most estate planning purposes, a **Durable Financial Power of Attorney** and a **Healthcare Power of Attorney** are the two essential documents.

Financial Power of Attorney in Detail

A Durable Financial POA grants your agent authority to manage your financial affairs if you cannot do so yourself. This includes:

- Managing bank accounts, investments, and retirement funds
- Paying bills, taxes, and insurance premiums
- Buying, selling, or managing real estate
- Operating or managing a business on your behalf
- Filing tax returns and managing IRS correspondence
- Handling insurance claims and government benefits
- Making gifts and charitable contributions (if authorized)

The scope of authority can be as broad or as narrow as you choose. Many people grant comprehensive authority so the agent can handle any situation that arises. Others limit the agent to specific tasks.

Healthcare Power of Attorney

A Healthcare POA (also called a Healthcare Proxy or Medical Power of Attorney) designates someone to make medical decisions on your behalf when you are unable to communicate your own wishes. This is separate from a Living Will, which states your preferences for end-of-life care.

Your healthcare agent may be called upon to make decisions about:

- Surgical procedures and medical treatments

- Medications and pain management
- Diagnostic testing and specialist referrals
- Admission to or discharge from medical facilities
- Access to medical records
- End-of-life decisions (if authorized and consistent with your wishes)

Your healthcare agent should be someone who understands your values and medical preferences, can remain calm under pressure, and is willing to advocate firmly on your behalf — even in difficult conversations with medical professionals.

Choosing the Right Agent

Selecting the right agent is the most important decision in the POA process. Consider:

- **Trustworthiness** — this person will have access to your finances or medical decisions
- **Competence** — they must be able to manage complex financial or medical situations
- **Availability** — they must be reachable and willing to act when needed
- **Proximity** — for healthcare decisions, local availability matters
- **Relationship stability** — avoid naming someone whose relationship with you may change

Always name a successor agent in case your primary agent is unable or unwilling to serve when the time comes.

Common POA Mistakes

Mistake 1: Using a non-durable POA

A standard POA terminates when you become incapacitated — precisely when you need it most. Always use a durable POA.

Mistake 2: Naming co-agents without clear authority

Two agents who must act jointly can create gridlock. If you name co-agents, specify whether they can act independently or must agree.

Mistake 3: Failing to update after life changes

Divorce, death of an agent, or estrangement should trigger an immediate update. An outdated POA naming a former spouse can create devastating consequences.

Mistake 4: Not discussing the role with your agent

Your agent should know they have been named, understand your wishes, and know where the documents are stored. Surprising someone with this responsibility is a recipe for failure.

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