



# THE IMPACT OF POWER OF ATTORNEY AND UNDERSTANDING THE DIFFERENCES

BY DOUGLAS A. VENTURELLI, ESQ.

We often get questions about what to do when a person wants to give up their authority over their personal and financial life.

If they do not already have a Revocable Living Trust that provides for a transfer of that authority, then the next best thing is a Power of Attorney (POA).

The person who is granted the POA is often referred to as the Agent, who has the power to make decisions about your affairs. However, the POA is revocable at any time.

The type of POA dictates which affairs you are granting power over. In this article, we discuss the most common types of Power of Attorney — **General POA**, **Limited POA**, and **Medical Power of Attorney**.

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A **General Power of Attorney** allows the Agent to make a wide range of decisions. This is your best option if you want to maximize the person's freedom in handling your assets and managing your care. For example, your agent could pay your bills, sell or rent out your real estate, make financial decisions, and more. However, it does **NOT** give the Agent the right to modify any trust or will unless the POA specifically grants that power. In addition, a General POA does **NOT** let your Agent make healthcare decisions for you. Those decision rights are covered by a Medical Power of Attorney, as discussed below.

A **Limited Power of Attorney** restricts the Agent's power to certain assets. For example, the Internal Revenue Service (IRS) will not accept a General Power of Attorney. There is a special form for that – and even within that form, the power can be limited to just talking to the IRS or expanded to represent you with the IRS and even sign tax returns on your behalf. You can also create a POA for a specific action, such as handling the sale of a specific asset.

A **Healthcare Power of Attorney** is a document that authorizes legal permission for a person of your choosing to execute your healthcare directives. To put it simply, you allow another person to make your medical decisions for you.

The Power of Attorney is a very powerful and helpful tool and can be part of, but does not take the place, of a comprehensive Estate Plan.

**Keep in mind that any POA becomes null and void when the person it represents passes away.**

Please contact one of our Estate Team Specialists for further information or assistance with your Estate Planning needs.

**Note: Any changes to your estate plan must be drafted by your attorney.**





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*There is no better time to start, and it is never too early.*

*Would you like assistance with your Estate Plan? [Douglas Venturelli](#) and [Richard Umanoff](#) are available to review your current estate plan, provide recommendations, and consult with your estate attorney.*

## About the Authors

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Douglas A. Venturelli is a Principal at KROST. He has over 45 years of experience in tax, estate, and business services. His main focus is federal estate and gift taxes. Doug consults with clients in the entertainment, legal, real estate, and medical industries.

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Richard Umanoff is a Principal at KROST. Richard's career spans over 45 years, with a concentration in taxation. His primary emphasis is estate and trust tax compliance, planning, estate administration, and probate court accounting. Richard currently serves in the role of trustee for numerous clients. [» Full Bio](#)

