

# Wealth Protection Against the Unexpected



Preparation and education help ensure personal peace of mind.

It is a common misconception that a Personal Will and simple Power of Attorney will ensure financial “business as usual” in cases of incapacitation, unexpected death or conflicting interests among heirs. Complex estates often require a broader range of legal and financial agreements to protect and transfer wealth, hassle-free and according to the Principal’s wishes. The thoughtful professionals at First County Advisors can help identify your potential risks, understand your options and construct a robust “plan for the unplanned.”

## What is a Power of Attorney?

A Power of Attorney legally grants a trusted family member, friend or personal advisor (your Agent) the authority to carry on day-to-day financial decisions in the event you (the Principal) are unable to do so. Various kinds of Powers of Attorney are simple to create with an attorney and typically avoid the need for a court-appointed conservator. A legal/financial expert would help to determine your unique needs and to select a trusted Agent.

## Types of Powers of Attorney

**Non-Durable:** Effective only for a set period of time or for a particular transaction. This may be employed if a Principal is having surgery or is traveling abroad. Special or Limited Powers of Attorney are even more narrowly defined, perhaps covering only a single financial transaction.

**Durable:** Much broader in scope and often effective upon signing, but can be written to spring into effect when the Principal is incapacitated. Allows for a wide range of decision-making power, but expires upon the Principal’s death.

**Medical:** Allows your Agent to make healthcare decisions on your behalf. It most often takes effect upon consultation with the Principal’s overseeing physician.

## Risks with Powers of Attorney

While a Power of Attorney offers many advantages, there are several common problems that may arise:

- Unless Power of Attorney language is carefully limited, your Agent may make independent decisions that do not align with your wishes regarding relevant assets and transactions.
- Conflicts may arise between your Agent and your heirs, beneficiaries and advisors, making it critical that an Agent understands the responsibilities and expectations and is willing and able to carry out your wishes.
- Each of your financial institutions must be contacted to ensure your documents will be recognized. Failure to do so can lead to time-consuming and expensive petitioning of the court.

## Benefits of Safeguarding Assets with Trusts

Placing your major assets in trust may protect against the unpredictability of a Power of Attorney agent in times of crisis, because a Trust agreement specifies exactly how assets are to be managed and distributed by a carefully chosen individual or corporate trustee. Additionally, Trusts may shield your estate from the probate process—keeping the size of your estate and disposition of wealth private and discreet.



A trusted professional is invaluable in safeguarding your wishes for your estate.

### Trust Considerations for Peace of Mind

Revocable (or Living) Trusts and Irrevocable Trusts can fulfill particular goals for your estate. How you set up your Trusts will depend on your tax outlook, your desired level of flexibility and engagement and, perhaps, your current health and family situation. A Trust Officer, working closely with your attorney, accountant or investment advisor, would help determine an optimal plan based on some of the factors in the table below:

	Revocable Trust	Irrevocable Trust
<b>Flexibility:</b> <i>Can terms be amended?</i>	Yes, with proper documentation.	No, the agreement is fixed once signed.
<b>Ownership:</b> <i>Can assets be accessed as desired?</i>	Yes, the trustee continues to own and control the assets.	No, assets are owned by the trust and beneficiaries.
<b>Control:</b> <i>What happens to the assets upon incapacitation?</i>	A predetermined disability trustee assumes control.	A co-trustee manages the assets as specified.
<b>Taxability:</b> <i>Are assets exempt from estate taxes?</i>	No, assets are part of your estate and subject to taxation.	Yes, inheritances are estate tax free.
<b>Protection:</b> <i>Are assets safe from creditors?</i>	No, assets are subject to creditors and lawsuits, as well as Medicare planning.	Yes, creditors cannot access assets, which are also ineligible in Medicare calculations.
<b>Charitable Giving:</b> <i>When does the estate benefit?</i>	Upon transfer of the assets.	Upon transfer of the assets.
<b>Probate:</b> <i>Are beneficiaries shielded from probate?</i>	Yes, in most cases.	Yes, in most cases.

### Talk to Us About Collaborative Wealth Management

Thinking about and planning for the unexpected, including the selection of an agent, trustee or co-trustee, can be an overwhelming process. Our knowledgeable and experienced Trust Officers welcome the opportunity to provide you with personalized guidance to support your unique goals.

### Your First County Advisors Team

**David M. Metzgar**, CFP®, CTFA  
Senior Vice President, Senior Trust Officer  
dmetzgar@firstcountybank.com  
(203) 462-4267

**AnnaMarie S. Boccuzzi**  
Vice President, Estate & Trust Officer  
aboccuzzi@firstcountybank.com  
(203) 462-4483

**Paul J. Bubniak**  
Vice President, Trust & Investment Officer  
pbubniak@firstcountybank.com  
(203) 462-4294

**Sandra Greer**  
Vice President, Trust & Investment Officer  
sgreer@firstcountybank.com  
(203) 462-4364



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