What you need to know as a financial advocate

Your friend or relative has chosen you to be their financial advocate. Kudos on taking on this helpful and meaningful role! They have made or will make it official by naming you as an agent under a power of attorney (POA). Here is some basic information to get you started, and pointers about your legal and ethical duties as an agent under a POA. For this document, let’s refer to your friend or relative as Maria.

POWER OF ATTORNEY BASICS

• A POA is a legal document to give someone else the power to make decisions about your money and property. Maria is the “principal” and you, the financial advocate, are the “agent.”

• The POA is for financial decisions only. For making medical treatment decisions, Maria would need to name you as her healthcare agent using a healthcare power of attorney.

• Most POAs go into effect immediately, rather than when the person is sick or disabled. You’ll need to check the document to see if that’s the case.

• Maria can continue to manage her money or property independently as long as she can still make decisions. You will have the POA “in your pocket” if the need arises and she needs your assistance.

• The POA continues in effect when Maria can no longer make financial decisions on her own. This power lasts until her death, or until she changes or cancels the document.

THE MOST IMPORTANT RULE!

As an agent under a POA, you are a fiduciary. That means you must manage Maria’s money only for her benefit. You have four key legal duties, described below. Always remember: It’s not your money!
THE FOUR DUTIES OF A FIDUCIARY

1  **Duty 1: Act only in Maria’s best interest**
   • Read the POA document and do what it says.
   • Involve Maria in making decisions, if possible. If not, do what you think she would have wanted as long as doing so won’t be harmful.
   • Avoid conflicts of interest. For example, if you buy a car with Maria’s money but use it for your personal needs 95% of the time, that is likely a conflict.
   • You can only pay yourself for the time you spend acting as Maria’s agent if the POA document or state law allows it.

2  **Duty 2: Manage Maria’s money and property carefully**
   • As Maria’s agent, you might pay her bills, manage bank accounts, pay for things she needs, make investments, pay taxes, collect debts, get insurance, and do other things written in the POA. Be even more careful than you are with your own money!
   • Figure out what Maria owns and what she owes.
   • Protect her property, invest carefully, pay bills and taxes on time, cancel unneeded insurance and apply for benefits for which she is eligible.
   • Give banks and businesses copies of the POA and make sure they accept the document. If they won’t accept your authority as POA, talk to a supervisor and, if necessary, talk to a lawyer.

3  **Duty 3: Keep Maria’s money and property separate**
   • Mixing Maria’s money with yours makes it unclear who owns what.
   • Don’t deposit her money into your own account.
   • Be careful using joint accounts. If you do use them, make sure to only use the money on Maria’s behalf.
   • Keep her money and property in her name. Sign checks and documents in your own name as agent, not with Maria’s name. For example, sign a check as “Diana Doe, Agent under power of attorney for Maria Moe.”
   • Try to avoid spending your own money for her and paying yourself back.
Duty 4: Keep good records

- Keep a detailed list of everything you receive and spend for Maria.
- Keep receipts.
- Avoid paying in cash whenever possible, and avoid using Maria's ATM card to make cash withdrawals.
- If you are getting paid, charge a reasonable fee and keep good records of your hours.

Other things to do and keep in mind

- Find out whether there is a co-agent to act with you. Sometimes you and a co-agent may have to agree on decisions. The power of attorney document will tell you whether you and your co-agent must act jointly or can each take action independently. Even if you can act separately, keep one another in the loop.

- The power of attorney does not give you authority to manage Maria's Social Security or veteran's pension if she has these benefits. Those government agencies have separate processes to enable you to receive and spend those benefits on Maria's behalf. For Social Security, you will need to apply to be Maria’s “representative payee”. Visit https://www.ssa.gov/payee/ to begin. To become Maria’s VA fiduciary, you must apply through the nearest Veteran’s Administration regional office. Visit https://www.benefits.va.gov/FIDUCIARY/

- Share information with family or friends to reduce friction, unless Maria told you not to or other family members will be so difficult that it’s not helpful.

- If you need advice or assistance from professionals like lawyers or accountants, you can pay them with Maria's money but vet them carefully.

- Do everything you can to keep Maria’s money safe from scams and financial exploitation by others. Here's a link to scam safety tips: https://www.consumer.ftc.gov/articles/how-avoid-scam

- For more information on serving as an agent under a POA, read the Consumer Financial Protection Bureau's guide “Managing Someone Else's Money: Help for Agents under a Power of Attorney” at https://www.consumerfinance.gov/consumer-tools/managing-someone-elses-money/power-attorney-guides/