



8 Power Of Attorney FAQ's

1. What is a financial power of attorney (POA)?

A financial power of attorney (POA) is a legal document in which one person, called the principal, gives the authority to make decisions with respect to the management of his or her financial affairs to another person, called the agent.



2. What are the advantages of having a POA?

A POA allows a person to name someone to act on his or her behalf in the event incapacity actually occurs. If a person who becomes incapacitated does not have a POA, often the only alternative is for someone to request the probate court to appoint a conservator to manage the person's financial affairs. But establishing a court-ordered conservatorship takes time and involves expense, and the court rather than the incapacitated person decides who gets to manage the person's financial affairs.

3. What are the legal requirements for a valid POA?

A POA must be signed by the principal, or by another person in the principal's presence and at the principal's direction, and acknowledged by a notary public

4. When does a POA begin and when does it end?

A POA is effective immediately and remains effective if the principal becomes incapacitated unless the POA expressly states otherwise. A competent principal can revoke a POA at any time. A POA automatically ends when the principal dies.

5. Who can serve as an agent?

The principal may designate any competent adult or organization entity such as a bank as an agent. The agent may be either a relative or non-relative.

6. What can an agent do?

The principal can give the agent very broad general powers or narrow specific powers. The principal should carefully consider what powers to give to the agent.

7. Can an agent's misuse of authority be challenged? How? By whom?

To reduce POA abuse, the POA Act allows an agent's actions to be challenged. The Act lists a number of persons who can request a court to review the actions of an agent if they believe the agent is misusing his or her authority. The listed persons include anyone who can demonstrate "sufficient interest in the principal's welfare.

An agent may be held liable for losses resulting from violation of his or her duties and responsibilities under the Act.

8. Is there a form that can be used to create a POA?

The POA Act contains a form to use in the creation of a POA. But the use of this form is not required.

In some situations the use of the statutory form may be appropriate. In other situations, a customized form may be advisable. For example, a person who has farm property, a business, or other major financial assets should consider consulting a lawyer about drafting a customized form.

The optional statutory form is available at: <http://blogs.law.uiowa.edu/nhlp/>

Source: *The New Iowa Power of Attorney Act: Frequently Asked Questions brochure.*
Created by AARP and the National Health Law Policy Resource Center of the University of Iowa College of Law. To request a copy, [email](#) or call the AARP Iowa State Office (866) 554-5378.

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