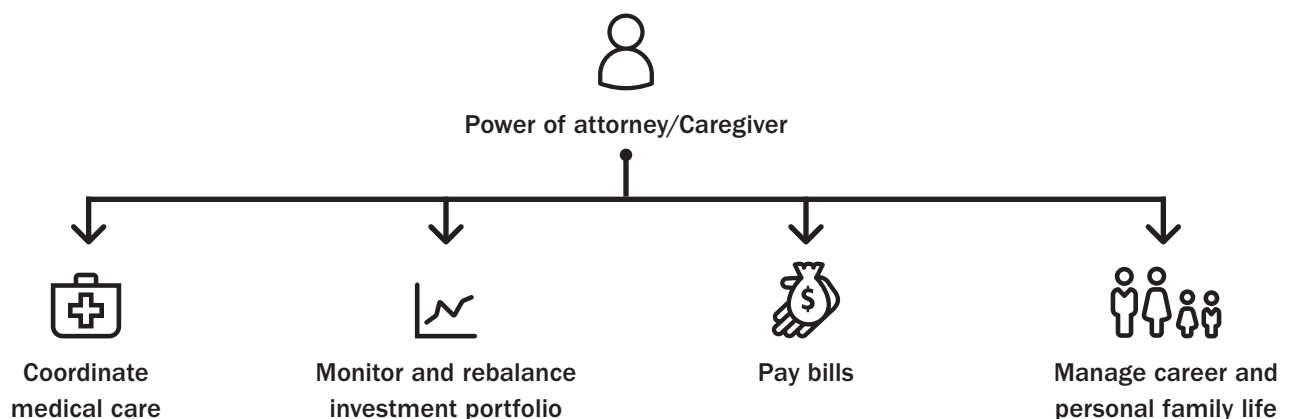


# Planning for your incapacity

While it's something no one wants to think about, physical and mental incapacity (even if only short term) is a real possibility as we age. That's why it's important that you take the opportunity to put the right people and resources in place to help you in those circumstances well in advance. Without taking the time to develop a proper plan to deal with the risks of diminished capacity, your caregiver(s) may not be in position to properly care for you or manage your finances when you need help the most.

## What your caregiver does

Your caregiver, whether your legal guardian or agent, must deal with many aspects of your life including Social Security, Medicare, insurance, tax returns, your retirement accounts, your credit cards and other bills, and all other details. All this, while juggling the details of his or her own life. When putting together an appropriate incapacity plan, you will want to consider the decisions and tasks that may be required when caring for someone who has become incapacitated.



You can reduce the burden on your power of attorney and caregiver by implementing just a few measures:

First: Have the right legal documents. The difference between a legal guardian (or conservator) and an agent who is named in a power of attorney document is that the guardian/conservator is appointed and overseen by the court. The legal process of being appointed as guardian requires attorneys, fees, a court and ongoing oversight, including a formal accounting of your income, assets and related expenditures. An agent under a power of attorney is a person of your choosing who is empowered to act by your legal document. Unlike a guardian/conservator, a court hearing is not required to have you declared incompetent and authorize your agent to act on your behalf. Additionally, your agent can act without ongoing court oversight.

Second: Just as important is ensuring that the designated agent is prepared to step in and act.

Next: Consider simplifying in advance to reduce the burden on your caregiver. You can simplify both your healthcare and your financial life in a few steps.



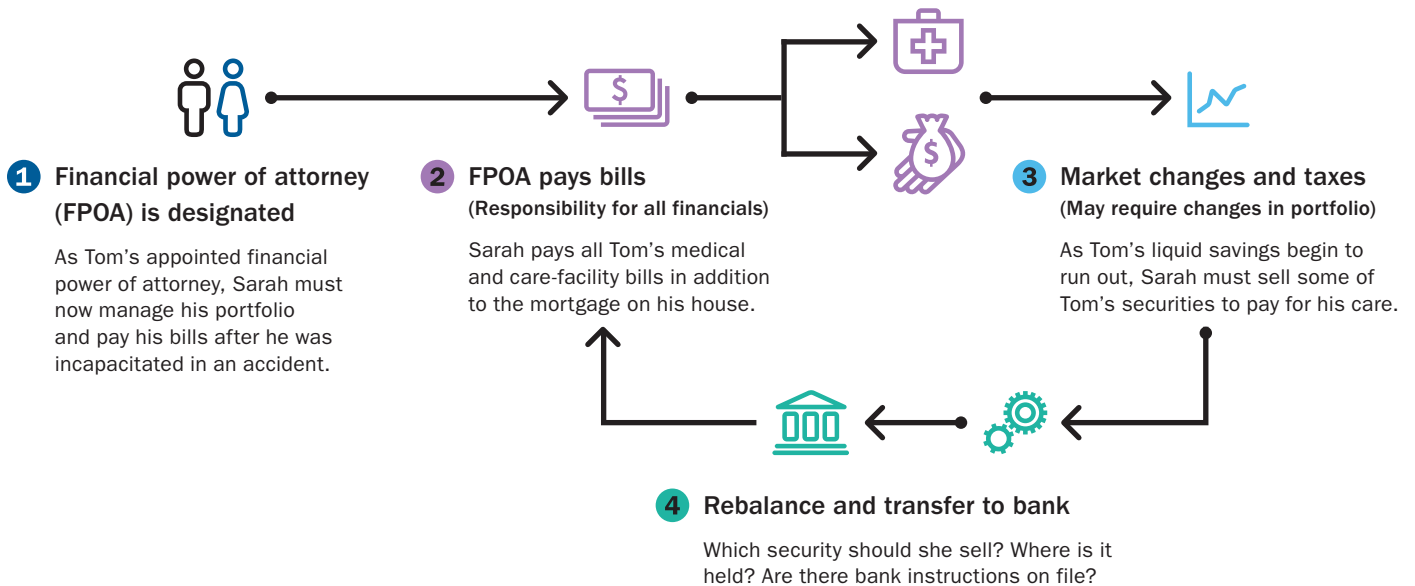
### In preparing, some things to consider:

- Do I have complete and current legal documents authorizing someone to act for me as to healthcare and financial matters?
- If I do, who is it and does that person(s) have the time and expertise to handle these matters?
- What will they have to do?
- Will they need help?
- Do I trust this person to act in my best interest?



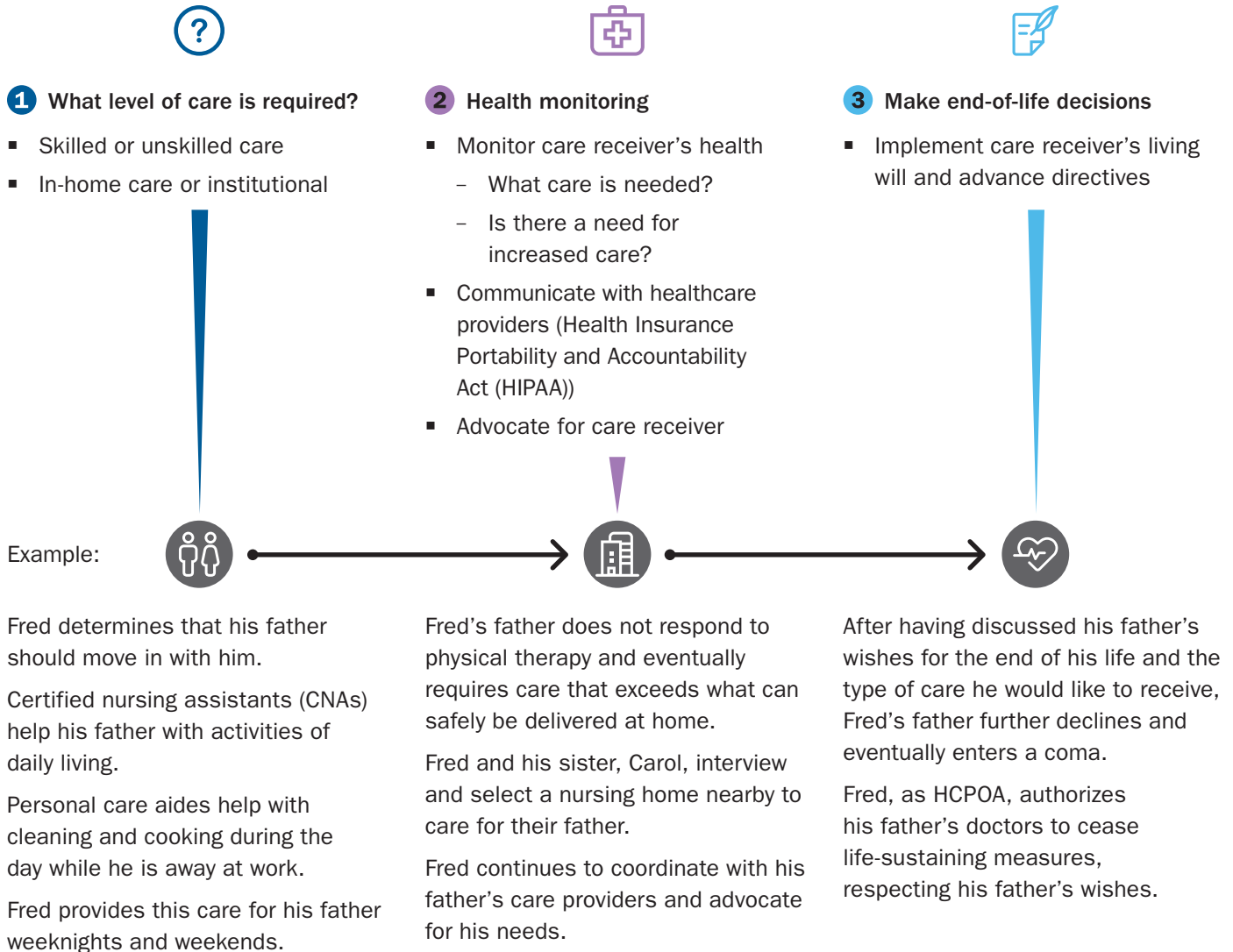
### Step one: These legal documents can reduce the burden and paperwork for your caregiver.

- 1 General durable power of attorney:** A general durable power of attorney designates someone to act for you (an “attorney-in-fact” or “agent”) to manage day-to-day financial affairs. Even if you have a revocable trust, the trustee only has authority to act upon assets you placed in the trust. An agent under a power of attorney can have authority to act upon assets in your individual name such as your retirement accounts, be authorized to receive income, write checks, pay expenses, file your income taxes, deal with Social Security and Medicare, and manage the other day-to-day details of your life.



- 2 Healthcare power of attorney (HCPOA):** A durable power of attorney for healthcare (or healthcare proxy) appoints someone to act for you to make healthcare decisions if you become incapacitated and unable to make these decisions for yourself. Your agent for healthcare decisions need not be the same person designated as your agent for general (or business) purposes. The person you select should be someone who is familiar with and will respect your wishes.
- 3 Living will and advance directives:** Living wills and advance directives allow for you to provide your healthcare instructions to your doctor if you become incapacitated and unable to make healthcare decisions for yourself. If you have specific wishes with respect to certain medical procedures (e.g., your desire concerning the administration of certain life-sustaining procedures or life support systems if you are terminally ill), you should make sure you have these documents in place.

## Planning for your incapacity



### Step two: Preparation

Now that you see all of the steps your agents will be required to do, you should prepare your family and your chosen agent(s) to deal with your incapacity.

This preparation includes:

- **Compiling and safely storing important papers**—Keep all your documents in an accessible place and ensure that your designated parties know how to access them.
- **Discussing your healthcare wishes and preferences with your family and POA**—Where do you prefer to receive care? In your own home? With children? Nursing home?
- **Discussing preferences for advanced healthcare directives** and other life-sustaining choices.
- **Having a family meeting**—Each family is different, but the more people participating in the care, the less alone a caregiver feels, and better communication leads to better relationships.

### Step three: Financial simplification

Your caregiver has a big responsibility. Simplification not only reduces the time it takes you to manage your financial life, it reduces the time required by your agent, who may also be trying to manage your physical well-being.

Consider:

- **Consolidating bank accounts and credit cards**—Reconciling your statements is much easier if you have fewer to review.
- **Consolidating investments**—Fewer statements and one advisor who can see and understand your entire financial picture can make your agent’s responsibility more seamless and less overwhelming.
- **Consolidating retirement accounts**—Not only will this reduce paperwork, but it will also make withdrawing required minimum distributions easier.
- **Cutting out any services you don’t regularly use**—This might include magazine and newspaper subscriptions and services that you hardly use. By eliminating these items, you will simplify your life and remove yet another payment from your budget. The fewer payments you need to make, the simpler your finances will be.
- **Providing contact information**—After you’ve consolidated your accounts, be sure to provide your advisor(s) with copies of your power of attorney and consider designating a “trusted contact.” A trusted contact is a person identified by you, and to whom you’ve given your financial provider authorization to contact and discuss your accounts. If done pursuant to FINRA\* Rules 4512 and 2165 (Financial Exploitation of Specified Adults), you are authorizing your financial firm to discuss current contact information, health status and the identity of any potential holder of a power of attorney, legal guardian, executor or trustee, and for your financial institution to share information with the trusted contact regarding suspected financial exploitation.

Your caregiver(s) have a lot of responsibility; reducing the burden should be a consideration.



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