

Power of Attorney and Enduring Power of Attorney

Know the difference between the two and why it's important to use both.

What is a Power of Attorney?

A **Power of Attorney** is a legal document appointing a person or trustee organisation of to manage your financial and legal affairs while you are alive and are capable of making your own decisions. This person or organisation is then known as your 'attorney'.

An attorney is a person – typically a lawyer but could be a member of the family or close friend – appointed to support the autonomy and independence of an older person, promote their participation in decision-making, ensure their preferences are acted upon and promote their well-being.

But a Power of Attorney has limits. Their power stops when you die, and an ordinary Power of Attorney no longer has effect if you lose the ability or capacity to make your own decisions.

When can a Power of Attorney manage my affairs?

You may choose to create a Power of Attorney because you are travelling overseas and want to give your attorney access to your bank accounts to pay your bills or manage your finances while you are away. Or you may want to have a Power of Attorney if you become unwell and are no longer able to manage your financial affairs.

This does not mean that you will lose control over your financial affairs. It simply gives your attorney formal authority according to your instructions. Your Power of Attorney can be cancelled (revoked) at any time provided you have the mental ability or 'capacity' to do so.

How is an Enduring Power of Attorney different?

An **Enduring Power of Attorney** has the same authority and responsibilities as a Power of Attorney, but only comes into effect if you lose the capacity to manage your own affairs.

Which one should I pick?

You can appoint either a Power of Attorney, an Enduring Power of Attorney or both, but you should consider an Enduring Power of Attorney in case of future incapacity or as you age. Once you lose capacity, you also lose the opportunity to appoint someone you want and trust. In some jurisdictions, an Enduring Power of Attorney doesn't come into effect until you are judged to have lost capacity.

What happens if I don't have an Enduring Power of Attorney and can't manage my financial affairs?

An application to a court or tribunal may be required to appoint a financial manager of your affairs, which may be expensive and take time.

Is an Enduring Guardian something different?

Yes. An **Enduring Guardian** is appointed by you to make health and lifestyle choices for you if you can't. These include lifestyle, medical treatment, accommodation and welfare decisions. A Power of Attorney or Enduring Power of Attorney can't make decisions of this nature. Which is why it's important to have both an Enduring Guardian and a Power of Attorney or Enduring Power of Attorney.

It's important to note that each state and territory interpret a **Power of Attorney** differently. Be sure to check when you speak with an attorney or visit [Compass.info](https://www.compass.info) to read about powers of attorney in your state or territory.

Other topics you might be interested in that you can find on [Compass.info](https://www.compass.info)



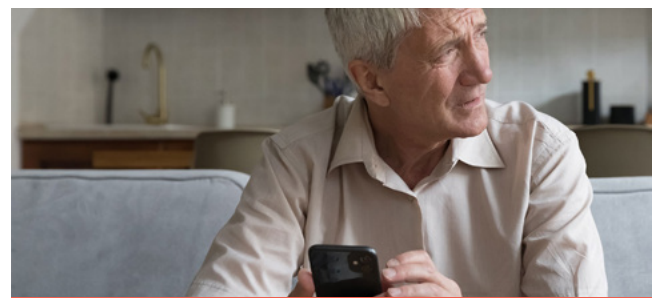
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