

# Your *Trust* Matters

March 2024 Newsletter



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## The Distinction Between Financial and Healthcare Powers of Attorney

In the realm of legal and personal planning, the concepts of financial power of attorney (POA) and healthcare power of attorney are pivotal. These legal documents empower individuals to make decisions on behalf of others, particularly in situations where the principal, the person granting the authority, is unable to act for themselves. While both serve the purpose of granting decision-making authority, they cater to distinct aspects of an individual's life – financial matters and healthcare decisions, respectively.

### Financial Power of Attorney: Managing Assets and Finances

A financial power of attorney is a legal instrument that authorizes an appointed agent or attorney-in-fact to handle financial affairs on behalf of the principal. This can include a broad spectrum of responsibilities, such as managing bank accounts, handling investments, paying bills, and even buying or selling property. The scope of authority can be customized based on the principal's preferences and requirements.

The financial power of attorney is instrumental in situations where the principal faces physical or mental incapacitation, making it difficult or impossible for them to handle their financial affairs. It ensures that someone they trust has the legal authority to manage their assets and ensure the continuity of their financial well-being.

Choosing a financial power of attorney is an important decision. The person should be someone you trust completely to manage your finances and make financial decisions on your behalf. It's often a family member or close friend. You may also consider hiring a financial institution, such as MidWestOne. We can offer several advantages such as professional, unbiased management, ensuring your assets are handled responsibly and in accordance with your wishes. We can also offer continuity in planning as we are not subject to the same life events that can impact individuals, especially if we are already serving as a member of your financial team. Additionally, we can provide a level of oversight and accountability that may not be possible with an individual. Lastly, appointing MidWestOne may remove the burden of this responsibility from loved ones who may be busy with other aspects of your care.

### Healthcare Power of Attorney: Navigating Medical Decisions

In contrast, a healthcare power of attorney is specifically designed to address medical and healthcare decisions. This legal document designates an agent or healthcare proxy to make decisions about the principal's medical treatment, including choices about surgery, medication, and end-of-life care. This is particularly crucial in situations where

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the principal is unable to communicate their wishes or lacks the capacity to make informed healthcare decisions.

The healthcare power of attorney also allows the agent to interact with healthcare professionals, access medical records, and make decisions aligned with the principal's wishes or best interests. It serves as a crucial component of advance care planning, enabling individuals to outline their healthcare preferences and ensure they are honored even if they cannot express them at the time.

These documents are necessary even if a person already has a revocable living trust in place and efforts should be made to make sure these documents align. Life is unpredictable, and unforeseen circumstances such as accidents, illnesses, or sudden incapacitation can strike at any time. By having both types of powers of attorney in place, individuals ensure that their affairs are managed seamlessly in every aspect.

If you have any questions or are interested in learning more about how MidWestOne can serve as your financial power of attorney, please contact a member of our team. I can be reached at [blegue@midwestone.com](mailto:blegue@midwestone.com).

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