

I have a Will, so why do I need a Lasting Power of Attorney?

Making decisions in relation to your financial affairs, health and welfare

It is critical to consider the potential consequences of not having a Lasting Power of Attorney (LPA) in place. Many people assume that their loved ones or close relatives will automatically have the authority to make decisions on their behalf. However, this is not the case, and without a LPA, those close to you will not have the legal authority to handle your financial affairs, health decisions and welfare.

Setting up a LPA is vital to ensure that you have a trusted individual who can manage your affairs when you are no longer able to do so yourself. It is essential to think about these scenarios in advance and plan accordingly by setting up a LPA. This legal document will ensure that your wishes are respected and carried out, regardless of your capacity to make sound decisions.

COSTLY AND TIME-CONSUMING MEASURES

Despite the fact that 95% of UK adults are aware of the LPA, a recent study has revealed that only one in three (33%) actually know how to use it effectively, leaving a considerable proportion at risk of costly and time-consuming measures if they were to lose their spouse^[1].

LPA is a legal document that enables you to delegate decision-making authority to one or more trusted individuals to manage your financial matters, property affairs, health and welfare. You can set up a LPA at any time, provided you meet the age requirement of 18 years and have the mental capacity to make sound decisions.

BENEFICIAL IN LONG-TERM SITUATIONS

There are several benefits to having a LPA, including assistance in temporary situations such as hospitalisation or travel abroad, where you may need help with daily tasks like paying bills. It is also beneficial in long-term situations

where you want to plan for the unexpected or have been diagnosed with an illness like dementia that may affect your decision-making abilities in the future.

According to the research, although three-quarters (74%) of Britons deem LPA necessary, only 37% of them have actually put it in place. In contrast, around three-quarters (76%) of people in relationships have discussed Wills and trusts with their spouse.

SAME-SEX MARRIED COUPLES

The research also highlighted that less than half (41%) of married couples have enacted LPA, and a quarter (24%) have no plans for doing so, which suggests that many couples view this measure as unnecessary, and often mistakenly believe that LPA is automatically granted to married couples.

Notably, this issue disproportionately affects same-sex married couples, where awareness of the importance of LPA is higher than the population average (87% compared to 76%), but uptake is lower (30% compared to 41%). ■

NEED ADVICE AND EXPERTISE ON EVERY ASPECT OF YOUR ESTATE?

We understand the importance of putting the right planning in place for the future. We'll help you organise your affairs and plan for the future. To find out more, speak to us today.

Source data:

[1] <https://adviser.scottishwidows.co.uk/assets/literature/docs/2023-03-power-of-attorney.pdf>

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

POWERS OF ATTORNEY/WILL WRITING AND TRUSTS ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.