

What you need to know about Power of Attorney and Trusted Contact Person

Many Canadians are concerned about how to manage their money, property, and finances as they age or as life changes take place. They may worry about what will happen if they become unable to deal with their own finances. It's a good idea to plan ahead for a time when you may need help managing your affairs.

Two documents that can help protect you in the future are a Power of Attorney (POA) and Trusted Contact Person (TCP).



POWERS OF ATTORNEY (POA)

A Power of Attorney is a legal document in which you give someone you trust (called your "attorney") the right to make decisions for you if something happens and you are no longer able to look after matters on your own.⁴ The names and requirements for the different types of powers of attorney will vary depending on the province or territory where you live. Generally, there are two main types of powers of attorney in Canada:

POWER OF ATTORNEY FOR PERSONAL CARE

The person you name can make decisions about your health care, housing and other aspects of your personal life (such as meals and clothing), if you become mentally incapable of making these decisions.²

POWER OF ATTORNEY FOR PROPERTY (ENDURING OR CONTINUING)

The person you name can make decisions about your financial affairs (including paying your bills, collecting money owed to you, maintaining or selling your house, or managing your investments).¹

ROLES & RESPONSIBILITY

How it works:¹

- You grant one or more persons authority to make decisions about your financial affairs or personal care.
- An enduring or continuing power of attorney is a legal document that lets your attorney continue acting for you. Your attorney will do this if you become mentally incapable of managing your finances and property. A general POA which is not enduring will end upon the mental incapacity of the grantor.

POWER OF ATTORNEY FOR PROPERTY (ENDURING OR CONTINUING), ROLES & RESPONSIBILITY, CONTINUED:

- Your attorney(s) has authority to provide your financial advisor with instructions.
- Your attorney cannot make a will for you, change your existing will, change a beneficiary on a life insurance plan, or give a new power of attorney to someone else on your behalf.
- Power of Attorney typically ends when the client dies or makes a new POA.
- Each province and territory has its own laws relating to powers of attorney that you should familiarize yourself with. Be sure that you fully understand any document before you sign it.

TRUSTED CONTACT PERSON (TCP)

A trusted contact is someone you appoint, whom your financial advisor can get in touch with in the event they're concerned about your health, well-being or welfare. This is an informal document, intended to be a resource to help protect you and your assets.

ROLES & RESPONSIBILITY

How it works:³

- You identify and consent to the release of information to a trusted contact person (TCP) whom the financial advisor can contact if there are concerns about your behavior or transactions in your account.⁴ This includes concerns about loss of mental capacity, fraud or financial abuse.
- TCP has NO access to your account and cannot make financial decisions on your behalf.
- TCP is a complement to and NOT a substitute for a Power of Attorney (POA)

SOURCES:

1. Government of Canada, 'What every older Canadian should know about: Powers of attorney (for financial matters and property) and joint bank accounts, 2013.
2. Ministry of the Attorney General, 'Power of Attorney kit,' 2012
3. FINRA, 'Frequently Asked Questions Regarding FINRA Rules Relating to Financial Exploitation of Senior Investors,' 2017
4. OSC Staff Notice 11-779 Seniors Strategy, 2018
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