

You need more than a will – a lasting power of attorney

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A Lasting Power of Attorney (LPA) can allow you to authorise a person you trust to manage your affairs for you. The Office of the Public Guardian (OPG) describes an LPA as a legal document that allows you to appoint someone you trust to make decisions and act on your behalf should you lose the mental capacity to do so. TODAY file photo

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SINGAPORE – Having a will ensures that your heirs distribute your assets the way you want to when you are gone.

But what if something less serious happens to you and leaves you unable to manage your affairs yourself?

In such a situation, a Lasting Power of Attorney (LPA) can allow you to authorise a person you trust to manage your affairs for you.

The Office of the Public Guardian (OPG) describes an LPA as a legal document that allows you to appoint someone you trust to make decisions and act on your behalf should you lose the mental capacity to do so.

If you are healthy, it might seem like you do not need an LPA.

An example cited by insurance firm Aviva, however, shows how wrong that assumption could be. A young woman of 23 who was involved in a car accident was reduced to a vegetative state and her father had to go through a time-consuming and challenging process of applying to the court to manage her affairs.

Without an LPA, a bank will not give family members or others access to your funds because they do not have your consent. As with the young woman, your assets would essentially be frozen.

If funds are needed to pay for care for you, those who want to look after you may be caught in a bind.

To enable your family to take over if you are not able to manage your financial affairs, you can set up a Lasting Power of Attorney. An LPA allows your family to make decisions about your personal welfare and finances, such as paying the bills, so they can continue their lives as normal.

While an LPA is not the only document you will need, since decisions on medical treatment require an Advanced Medical Directive and allocating your assets the way you want requires a will, it helps ensure that your family can manage your money if you cannot do so.

Perhaps surprisingly, since an LPA is clearly beneficial, less than 1 per cent of the population had applied for one as of late last year.

HOW TO SET UP A LASTING POWER OF ATTORNEY

Setting up an LPA is easy. You start by figuring out who you want to appoint to manage your affairs, then check with the person and make sure they are willing to take on the responsibility.

Next, you have to decide whether to use “Form 1” or “Form 2” for your LPA.

Form 1 gives the person you appoint wide powers to do almost anything you can do. There is a standard application form on the OPG’s website.

If you do not want to give the person such broad authority, you can have a lawyer draft Form 2, listing the scope of activities you permit the person to do on your behalf. For example, you can specify that you do not want your property to be sold or that you want your business to be run a certain way.

Although the OPG has waived the application fee for Form 1 for Singaporeans, you still need a medical practitioner, psychiatrist or lawyer to certify the LPA.

Certification fees at NTUC, for instance, start at S\$267 for Form 1, and about \$1,600 for Form 2. Some physicians charge as little as S\$50 for Form 1, though, so it is worth checking for alternatives.

About 97 per cent of applications are for Form 1.

The LPA must be registered with the OPG so that the person you appoint can invoke his powers if you lack the mental capacity to manage your affairs. An LPA can be revoked at any time by informing the person you appoint and the OPG.