

## 10 Financial And Estate Planning Matters To Think About During This Crisis

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As the global coronavirus pandemic continues to unfold, there are some non-investing matters we should consider in order to protect our families and financial well-being. Here are ten ideas to think about:



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**Durable and Health Care Powers of Attorney** A durable power of attorney is a legal document that allows someone to act on your behalf financially in the event of your disability. There are two categories of durable powers of attorney: a general, durable power of attorney, which is always in effect, and a 'springing' durable power of attorney, which 'springs' into action when the Principal becomes disabled. The durable power allows someone (your agent) to make a wide array of financial decisions, including contacting insurance providers, filing taxes, and paying bills. A health care power of attorney allows someone (usually a 'patient designee') to make health care decisions, including hiring and firing doctors, signing releases, and authorizing (or withholding) treatment.

Make sure your Durable and Health Care Powers of Attorney are in order,

with two layers of agents, and make sure your agent knows how to access them. In addition, if your parents are living, this is a good time to check on their Powers of Attorney and make sure the appropriate parties have a copy. The situation also applies to those with adult children: If you have children over the age of majority under your control, check on their Powers of Attorney and have a copy on hand. Under HIPAA rules a medical provider cannot release medical information, even to a parent (if the child is over the age of majority) in the absence of a HIPAA release.

**Health Insurance** It's a good idea to make sure you have a list of all your health insurance policies, and that someone knows how to access them. Similarly, if your parents are living, check their policies and have a copy available. If you have children over the age of majority under your control, be sure to have a copy of their policy information. In the midst of the current outbreak, it's notable that the IRS recently issued guidance (IR-2020-54 and Notice 2020-15) on High Deductible Health Plans covering testing and treatment for COVID-19 before plan deductibles have been met. This may be an important question for your insurance provider, before it potentially becomes necessary.

**Health Saving Accounts** Make sure you and your family are familiar with your Health Savings Account (HSA) and that someone knows how to access it. As above, it's important that you ensure that your parents' and children over the age of majority's HAS paperwork is up to date and appropriate parties have a copy.

**Safe Deposit Box** If you have a safe deposit box (or your parents), make sure someone is legally listed as an authorized agent, and knows how to access it. This is also important for a fireproof safe, give the right person(s) the location and access information.

**Digital Assets** List and encrypt your Pin numbers and digital access for accounts and make sure someone knows how to access them. Do the same for your parents and adult kids. Digital assets could get lost or be inaccessible in the case of disability.

**Cash** Build up a cash reserve aside from credit or debit cards. In the event of liquidity issues, power outages, or other problems, having a supply of cash on hand makes sense. \$400-500 is a good base. Keep it in a safe place.

**Budget** This shutdown manifested itself almost overnight; it's important that you quickly establish a budget for short-term cash flows.

**Roth IRA** Look into Roth savings options while the market is down. You can fund a contributory Roth for 2019 until 04/15/2020. You can also fund 2020 anytime this year. Besides a Roth for yourself (and you spouse, if one of you has earned income), consider a Roth for children with earned income, and/or a Roth conversion for parents in lower tax brackets.

**401(k) Rebalancing and contributing** In a down market, only you can decide if you feel like this is a time to become more conservative(defense) or more aggressive (offense) or stay the course. It is almost always a good idea to keep contributing to your 401(k), since you can change the way the money is invested through your investments. You have two ways to implement your position; contributions and investment shifts. Changing your contributions is the simplest way to modify your 401(k). If you are leaning toward safer investments, shift your contributions to the more conservative options. If you are opportunistic, shift your contribution to more aggressive options. If you prefer a larger move, you can rebalance your whole plan to a more conservative positioning, or a more aggressive version of the same mix. The rebalance will buy more of what's low (equities) and sell what's high (bonds). Most plan providers allow a simple 'rebalance now' option. Be sure to look at all plans.

**Emergency plan** Have an emergency plan for the family to facilitate communications in the event there is a power outage or other disruption in normal communications. The government has a good template for a family emergency plan. It's intended for natural disasters, but I suggest Covid-19 may fall into the category of a disaster, even without loss of property.

**Auto deposit/auto bill pay** It's possible mail delivery may be disrupted. Make sure all income inflows and expenses are set up on auto deposit and pay. You might also consider e-signature options as those may prove helpful for carrying out business if there is a disruption in normal shipping routes and postal delivery, or if you find that distancing yourself from others is prudent.

All of these ideas are useful in good times or bad. Hopefully, you aren't exposed to the virus and don't suffer too much economic disruption, although, I think we will all feel it. It's better to plan ahead.

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