

Continued from Pg. 2

expect to collect within a reasonable period of time,” says Jasmine Young, CEO of Southern Tax Preparation & Services in Atlanta. “The IRS considers one’s ability to pay, income, expenses and asset equity when evaluating these offers. Subsequently, if your income has crashed due to the pandemic, then it is very likely the IRS will accept an offer in compromise.”

You can see if you qualify for an offer in compromise by completing the information at this site: irs.treasury.gov/oic_pre_qualifier/

The offer in compromise may sound tempting, but keep in mind that it can be a lengthy approval process. You need to provide financial records attesting to your hardship and you probably will need the help of an IRS enrolled agent or a CPA, Logan says.

“This usually takes about eight months to set up, but I expect it to take 12 to 18 months now,” Logan said. “The 2019 government shutdown, the partial shutdown of the IRS for COVID-19, the focus on distributing stimulus checks, and the reduced IRS budget over the last 10 years have all left the IRS way behind in getting work accomplished. The unfortunate part is that interest still racks up during the wait.”

No Hit to Your Credit

Neither of these options hurts your credit — unless you miss an agreed-upon payment. In that case the IRS can report the info to credit bureaus, garnish your wages and even put a lien on your property.

But if you set up the agreement and make the payments, you’ll be in the clear. ➤



Pandemic brings the Power of Attorney to forefront of estate planning

By Jeffrey Steele

The onset of the coronavirus pandemic has brought increased attention to some aspects of estate planning — chief among them the importance of creating both a financial and a medical power of attorney (POA).

“COVID-19 has thrown estate planning into everyone’s laps,” said Patrick Simasko, elder law attorney and wealth preservation specialist at Michigan-based Simasko Law. “You absolutely need a medical and financial power of attorney, and you need it signed before you get sick.

This needs to happen [because] if you are hospitalized with COVID-19 or residing in an assisted living setting where visitation has been suspended for family members or attorneys, you may not be able to get the documents completed.” Simasko explained that in some states electronic signatures aren’t allowed on estate planning documents so having those in place prior to an emergency is crucial.

The actual health ramifications and current course of treatment for coronavirus patients also throws into sharp perspective for some the need for a POA. The need for coronavirus-afflicted patients to be placed

Continues on Pg. 4

Continued from Pg. 3



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on ventilators specifically may make a POA crucial, according to Eric Chaffee, law professor at the University of Toledo in Ohio. “During these times, a power of attorney can ensure their interests are being pursued, including that they are receiving the healthcare they need. Even someone who recovers may have long-term health issues that can make it very helpful to have powers of attorney in place,” he said.

And even those who already had POA plans may want to give some thought to them in light of the coronavirus. Michael Whitty, a partner

with Freeborn & Peters, LLP, in Chicago who specializes in trusts and estates, said that many individuals who have medical POA in place are asking to revise them. “In the context of coronavirus, people with existing healthcare powers of attorney may want to rethink a decision that their agent should refuse intubation,” Whitty said.

Key Terminology

When you create a POA, you are authorizing another person — your agent or attorney-in-fact — to act on your behalf if you are absent or incapacitated. Most powers of attorney designate successor agents. If primary agents are unable to act for any reason, successor agents step up.

There are two categories of pow-

Continues on Pg. 5

Continued from Pg. 4

ers of attorney. The first is general (or non-durable) which end when the principle becomes incapacitated, revokes the power or passes away. The second is durable which remain in effect if the person who granted it becomes incapacitated.

Powers of attorney are important estate plan components and are almost as likely to be needed as a will, Whitty said.

Situations Requiring a POA

“[Financial] powers of attorney come in handy in a number of situations ... such as when the principal is on a long vacation and can’t be reached or can’t execute documents electronically,” Whitty said. “In those situations, the agent designated in the power of attorney can act on the principal’s behalf.”

A medical POA gives the agent authority over medical decisions — everything from whether or not to receive treatment to where to receive it to which doctors to use.

“There’s a practical reason those instructions and authority are included in the healthcare powers of attorney,” Whitty said. “The healthcare agent is more likely to be physically present or at least in contact with the hospital at the time of the death.

The medical POA could include authority to donate organs or direct the disposal of the principal’s remains.

“Putting those instructions in the will isn’t as practical, as the will may not be accessed for days,” said Whitty.

Getting It Done

Every adult should have powers of attorney established to protect their

unique end-of-life wishes, Simasko said, adding spouses typically choose each other as agents, and a son or daughter as successor agent.

“It doesn’t require that much extra work beyond what a firm might be doing in creating other components of an estate plan,” Whitty said.

According to Whitty, if you already have an established relationship with a law firm, that firm can likely help you establish powers of

attorney, which will require asking questions about your choice of agents and options to check off on forms.

Many who establish powers of attorney experience relief when the job is done because they know their wishes will be met. “Having a power of attorney, is at least in part, about having peace of mind in the event that something awful happens,” Chaffee said. >

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