

Principal: Individual who directs another to act for his/her own benefit | **Agent:** Individual appointed to fulfill specified directives of principal

	APPOINTS OR INSTRUCTS			TIMING		
	Appoints an agent to manage the day-to-day affairs of the principal	Appoints an agent to manage the health care of the principal	Provides instruction to manage the health care of the principal	Provides instructions for managing and transferring principal's assets	Powers/instructions applicable during <i>life of principal</i>	Powers/instructions applicable at <i>death of principal</i>
General power of attorney (POA) ¹	✓				✓	
Durable power of attorney ¹	✓	Used in place of General POA			✓	
Health care proxy		✓			✓	
Advance health care directive / Living will ²			✓		✓	
Will					Review/update periodically	✓
Revocable trust ³				✓	✓	✓
Irrevocable trust ⁴				✓	✓	✓

¹ Terminates when the principal becomes incapacitated or unable to make decisions about finances and health, whereas Durable POA continues when principal becomes incapacitated. ² Principal provides written instructions in advance to ensure specific medical care in case he/she becomes incapacitated; many states combine the living will with durable power of attorney. Some states may not recognize health care directive of another state. ³ Provides instructions in the event of principal's mental disability and to avoid probate of his/her assets; principal is the owner and beneficiary of the trust; the trust may be revoked at any time during life and becomes irrevocable at death. ⁴ Principal/grantor gifts assets to trust during life to remove from his/her estate, or at death, assets are moved to the trust. Trust becomes owner of assets and any future growth is removed from grantor's taxable estate.