

Legal Notes: April 2015

It's Graduation Time!! That baby you brought home eighteen years ago is now taller than you and leaving home (maybe). Your child is entering a sort of nether world where the child is an adult under some standards (e.g. voting, crime) and not under others (e.g. drinking alcohol, renting a car). Whether your child is going to college, tech school, abroad or just delivering pizzas, there are steps you need to take.

Powers of attorney for health and finances are necessary. While you previously could make all the decisions for your child, after they turn 18, you will no longer be able to do so. If your child becomes incompetent for any reason, you will no longer automatically be able to make decisions on their behalf. Powers of attorney for health and finance will allow you to do so. While most such powers are triggered by incompetency, you may want to consider having one in place that is not triggered by incompetency but is currently in effect. For example, if your child is overseas for an extended period, you may need to do things for your child, such as file taxes or handle banking issues, and a current power of attorney for finance would help with that.

Insurance issues need to be reviewed. Under the Affordable Care Act, most health insurance continues for your child, usually until age 24. However, there may be exceptions, such as where your child has health insurance available to them through work or a spouse. Car insurance issues should also be reviewed, if coverage is continuing under your policy. If your child uses your car, or even their own, for a business purpose, even if it is delivering pizzas, check with your agent about coverage. While many insurance policies will provide coverage, some do not.

Your child may ask you to guarantee or co-sign for a loan or to rent an apartment. For a loan, plan on being called upon to pay the entire loan, often with little warning. Young people (and older ones as well) often default on these loans and the bank or credit union will not hesitate to seek payment from the co-signor. It could also be years after the loan is taken as the most loans don't require the guarantor to be notified about renewals or extensions.

With apartments, it can get even trickier. Ask to see the lease and read carefully or have an attorney review. The last thing you want is not only being on the hook for your child's rent but also that of all their roommates.

Welcome to the nether world of near adulthood!