

Diminished Capacity & Trusts Presentation Outline

I. Rules for the State of Washington:

A) **RCW [11.130.037](#)**: All adults are presumed to have legal capacity

B) **RCW [11.130.010](#): Definitions**

(5) "Conservator" means a person appointed by a court to make decisions with respect to the property or financial affairs of an individual subject to conservatorship. The term includes a co-conservator.

(6) "Conservatorship estate" means the property subject to conservatorship under this chapter.

(11) "Guardian" means a person appointed by the court to make decisions with respect to the personal affairs of an individual. The term includes a co-guardian but does not include a guardian ad litem.

(12) "Guardian ad litem" means a person appointed to inform the court about, or to represent, the needs and best interests of a minor.

15) "Less restrictive alternative" means an approach to meeting an individual's needs which restricts fewer rights of the individual than would the appointment of a guardian or conservator. The term includes supported decision making, appropriate technological assistance, appointment of a representative payee, and appointment of an agent by the individual, including appointment under a power of attorney for health care or power of attorney for finances.

C) **RCW [11.130.010](#)** Basis for appointment of guardian for adult.

(1) On petition and after notice and hearing, the court may:

(a) Appoint a guardian for an adult if the court finds by clear and convincing evidence that:

(i) The respondent lacks the ability to meet essential requirements for physical health, safety, or self-care because the respondent is unable to receive and evaluate information or make or communicate decisions, even with appropriate supportive services, technological assistance, or supported decision making;

(ii) Appointment is necessary to prevent significant risk of harm to the adult respondent's physical health, safety, or self-care; and

(iii) The respondent's identified needs cannot be met by a protective arrangement instead of guardianship or other less restrictive alternative; or

(b) With appropriate findings, treat the petition as one for a conservatorship under Article 4 of this chapter or protective arrangement under Article 5 of this chapter, issue any appropriate order, or dismiss the proceeding.

(2) The court shall grant a guardian appointed under subsection (1) of this section only those powers necessitated by the demonstrated needs and limitations of the respondent and issue orders that will encourage development of the respondent's maximum self-determination and independence. The court may not establish a full guardianship if a limited guardianship, protective arrangement instead of guardianship, or other less restrictive alternative would meet the needs of the respondent.

(3) A determination by the court that a basis exists under subsection (1) of this section for the appointment of a guardian and on the issue of the rights that will be retained or restricted by the appointment of a guardian is **a legal decision, not a medical decision**. The determination must be based on a demonstration of management insufficiencies **over time in the area of physical health, safety, or self-care. Age, eccentricity, poverty, or medical diagnosis alone are not sufficient basis under subsection (1) of this section to justify a determination that a guardian should be appointed for the respondent.**

D) RCW [11.130.360](#) Basis for appointment of conservator.

(1) On petition and after notice and hearing, the court may appoint a conservator for the property or financial affairs of a minor if the court finds by a preponderance of evidence that appointment of a conservator is in the minor's best interest, and:

(a) If the minor has a parent, the court gives weight to any recommendation of the parent whether an appointment is in the minor's best interest; and

(b) Either:

(i) The minor owns funds or other property requiring management or protection that otherwise cannot be provided;

(ii) The minor has or may have financial affairs that may be put at unreasonable risk or hindered because of the minor's age; or

(iii) Appointment is necessary or desirable to obtain or provide funds or other property needed for the support, care, education, health, or welfare of the minor.

(2) On petition and after notice and hearing, the court may appoint a conservator for the property or financial affairs of an adult if the court finds by clear and convincing evidence that:

(a) The adult is unable to manage property or financial affairs because:

(i) Of a limitation in the adult's ability to receive and evaluate information or make or communicate decisions, even with the use of appropriate supportive services, technological assistance, or supported decision making; or

(ii) The adult is missing, detained, or unable to return to the United States;

(b) Appointment is necessary to:

(i) Avoid harm to the adult or significant dissipation of the property of the adult;
or

(ii) Obtain or provide funds or other property needed for the support, care, education, health, or welfare of the adult or of an individual entitled to the adult's support; and

(c) The adult's identified needs cannot be met by a protective arrangement instead of conservatorship or other less restrictive alternatives.

(3) The court shall grant a conservator only those powers necessitated by demonstrated limitations and needs of the respondent and issue orders that will encourage development of the respondent's maximum self-determination and independence. The court may not establish a full conservatorship if a limited conservatorship, protective arrangement instead of conservatorship, or other less restrictive alternative would meet the needs of the respondent.

(4) A determination by the court that a basis under subsection (2) of this section exists for the appointment of a conservator for an adult and on the issue of the rights that will be retained or restricted by the appointment of a conservator is a legal, not a medical decision. The determination must be based on demonstrated management insufficiencies over time in the area of property or financial affairs. Age, eccentricity, poverty, or medical diagnosis alone are not a sufficient basis under subsection (2) of this section to justify a determination that a conservator should be appointed for the respondent.

(5) For purposes of subsection (2) of this section, an adult who resides in a long-term care facility, resides in another care setting, or is the subject of an involuntary commitment order is not considered missing or detained.

E) **RCW [11.130.580](#) Authority for protective arrangement.**

(1) Under this article, a court:

(a) On receiving a petition for a guardianship for an adult may order a protective arrangement instead of guardianship as a less restrictive alternative to guardianship; and

(b) On receiving a petition for a conservatorship for an individual may order a protective arrangement instead of conservatorship as a less restrictive alternative to conservatorship.

(2) A person interested in an adult's welfare, including the adult or a conservator for the adult, may petition under this article for a protective arrangement instead of guardianship.

(3) The following persons may petition under this article for a protective arrangement instead of conservatorship:

(a) The individual for whom the protective arrangement is sought;

(b) A person interested in the property, financial affairs, or welfare of the individual, including a person that would be affected adversely by lack of effective management of property or financial affairs of the individual; and

(c) The guardian for the individual.

II. Options available for those facing incapacity concerns

- A) Power of Attorneys
- B) Trusts
- C) Guardianship
- D) Conservatorship

III. **Available options when dealing with those facing incapacity concerns**

- A) Communications with medical doctor, including SLUMS score or neuro psych examinations
- B) Triggering successor trustee option
- C) Putting into effect a power of attorney
- D) Directing individual to estate planning attorney or one who practices in protective proceeding
- E) Directing family members to attorneys who practice in protective proceeding

IV. **Inherent dangers of not addressing incapacity**

- A) Instructions or preferences cannot be relied upon
- B) Elder financial abuse: [RCW 74.34.020](#)

(7) "Financial exploitation" means the illegal or improper use, control over, or withholding of the property, income, resources, or trust funds of the vulnerable adult by any person or entity for any person's or entity's profit or advantage other than for the vulnerable adult's profit or advantage. "Financial exploitation" includes, but is not limited to:

(a) The use of deception, intimidation, or undue influence by a person or entity in a position of trust and confidence with a vulnerable adult to obtain or use the property, income, resources, or trust funds of the vulnerable adult for the benefit of a person or entity other than the vulnerable adult;

(b) The breach of a fiduciary duty, including, but not limited to, the misuse of a power of attorney, trust, or a guardianship appointment, that results in the unauthorized appropriation, sale, or transfer of the property, income, resources, or trust funds of the vulnerable adult for the benefit of a person or entity other than the vulnerable adult; or

(c) Obtaining or using a vulnerable adult's property, income, resources, or trust funds without lawful authority, by a person or entity who knows or clearly should know that the vulnerable adult lacks the capacity to consent to the release or use of his or her property, income, resources, or trust funds.

(21) "Vulnerable adult" includes a person:

(a) Sixty years of age or older who has the functional, mental, or physical inability to care for himself or herself; or

(b) Subject to a guardianship under [RCW 11.130.265](#) or adult subject to conservatorship under [RCW 11.130.360](#); or

- (c) Who has a developmental disability as defined under RCW [71A.10.020](#); or
- (d) Admitted to any facility; or
- (e) Receiving services from home health, hospice, or home care agencies licensed or required to be licensed under chapter [70.127](#) RCW; or
- (f) Receiving services from an individual provider; or
- (g) Who self-directs his or her own care and receives services from a personal aide under chapter [74.39](#) RCW.

*****RCW [74.34.215](#): Financial exploitation of vulnerable adults.**

(1) Pending an investigation by the financial institution, the department, or law enforcement, if a financial institution reasonably believes that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted, the financial institution may, but is not required to, refuse a transaction requiring disbursement of funds contained in the account:

- (a) Of the vulnerable adult;
- (b) On which the vulnerable adult is a beneficiary, including a trust or guardianship account; or
- (c) Of a person suspected of perpetrating financial exploitation of a vulnerable adult.

(2) A financial institution may also refuse to disburse funds under this section if the department, law enforcement, or the prosecuting attorney's office provides information to the financial institution demonstrating that it is reasonable to believe that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted.

(3) A financial institution is not required to refuse to disburse funds when provided with information alleging that financial exploitation may have occurred, may have been attempted, or is being attempted, but may use its discretion to determine whether or not to refuse to disburse funds based on the information available to the financial institution.

(4) A financial institution that refuses to disburse funds based on a reasonable belief that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted shall:

- (a) Make a reasonable effort to notify all parties authorized to transact business on the account orally or in writing; and
- (b) Report the incident to the adult protective services division of the department and local law enforcement.

(5) Any refusal to disburse funds as authorized by this section based on the reasonable belief of a financial institution that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted will expire upon the sooner of:

- (a) Ten business days after the date on which the financial institution first refused to disburse the funds if the transaction involved the sale of a security or offer to sell a security, as defined in RCW [21.20.005](#), unless sooner terminated by an order of a court of competent jurisdiction;

(b) Five business days after the date on which the financial institution first refused to disburse the funds if the transaction did not involve the sale of a security or offer to sell a security, as defined in RCW [21.20.005](#), unless sooner terminated by an order of a court of competent jurisdiction; or

(c) The time when the financial institution is satisfied that the disbursement will not result in financial exploitation of a vulnerable adult.

(6) A court of competent jurisdiction may enter an order extending the refusal by the financial institution to disburse funds based on a reasonable belief that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted. A court of competent jurisdiction may also order other protective relief as authorized by RCW [7.40.010](#) and * [74.34.130](#).

(7) A financial institution or an employee of a financial institution is immune from criminal, civil, and administrative liability for refusing to disburse funds or disbursing funds under this section and for actions taken in furtherance of that determination if the determination of whether or not to disburse funds was made in good faith.