

## Money and You: Helping aging parents plan ahead

by *Carrie\_Schwab\_Pomerantz*

If your family is like most, talking about money is difficult under the best of circumstances. When it comes to your aging parents, it can be even harder.

To start with, no matter how old you are, many in your parents' generation are just plain uncomfortable talking about money with the "kids." On the other hand, it may seem like you're taking on the parent role - something that can be awkward for all of you. And finally, like it or not, the underlying message is about your parents' possible incapacity and eventual death.

Given all this, I know how troubling these conversations can be. But I also feel that with love, concern and some thoughtful preparation, this type of financial conversation can be positive. After all, it's about life - your parents' life goals, preserving the quality of their lives now and in the future, and the legacy that represents their lifelong achievements.

### GETTING OFF TO A GOOD START

Be sensitive and pick the right moment to start the conversation. For example, it may be as simple as talking about your own need to do some estate planning. A line such as "We realize we need to start on an estate plan. How did you do yours?" could open the door to a fruitful and caring discussion.

Whatever your opening line, be sure your parents understand that your motivation is concern for them, not for yourself.

### TAKING CARE OF THE PRESENT

For the first part of your conversation with your parents, focus on the present. What is their current financial situation? Do they have enough to live on for the years ahead? Are they confident in their investments or might they need some help managing them?

Your parents may have some unspoken goals or dreams that you can help them fulfill. Above all, let them know that your goal is to make sure they're comfortable now and well cared for in the future.

This can also be a good time to talk about insurance coverage. You may ask about their Medicare supplement plan and make sure they've done what they need to regarding prescription drug coverage. With changing laws and increasing choices, they may welcome your help in understanding their options and taking any necessary action.

Long-term care is another important topic. According to the U.S. Department of Health and Human Services, at least 60 percent of people over age 65 will require some type of long-term care service at some point in their lives. Have your parents considered this possibility and do they have resources for handling this type of need?

Find out their true feelings. For many older people, being forced to leave their home is a primary concern and cause of heartache. You can help them get the facts and figures on long-term care insurance. If they're depending on you to care for them, have an honest discussion with the rest of the family about your parents' expectations and your ability to fulfill them.

## PLANNING FOR THE FUTURE

Now that you have the conversation going, you can try to speak frankly about your parents' estate plan. Make it clear that you're not asking for specifics about who's being left what. You just want to make sure everything's been covered.

Estate planning today isn't only about inheritance. It also makes sure people's medical and financial wishes are carried out, if they become incapacitated.

Here are some crucial documents you should discuss with your parents and also think about for yourself:

- A will. This is necessary to ensure that your final wishes are carried out. It also minimizes the expenses and delays associated with dying "intestate," meaning your assets will be distributed according to the laws of the state.

- A trust. There are different types of trusts to choose from depending on your individual needs and desires. A key advantage of a trust is that it spares your beneficiaries the time and expense of probate, and it can provide tax benefits.

- Durable power of attorney for finances. This gives the person you appoint the right to conduct broad financial and legal affairs on your behalf.

- Durable power of attorney for health care. This allows your spouse or other trusted family member or friend to make medical decisions for you, including decisions about life-prolonging care.

If your parents don't have these essential estate-planning tools in place, help them find an attorney they trust who will work with them to make sure they're protected. Assure them that taking the time now to craft an estate plan that reflects their wishes means they can safeguard their estate from unnecessary taxes and fees, while at the same time ensure their fruit of life's work winds up where they'd like it to be.

## THE PRACTICAL ISSUES

If your parents do have a well-thought-out estate plan, you can help them with a few practical issues to guarantee it's up-to-date and accessible.

1. Verify that their will or trust is current, especially if there have been any changes in family circumstance such as marriage, divorce or the birth of a grandchild.

2. Update named beneficiaries on all government entitlements (such as Social Security, retirement accounts, disability and life insurance policies, bank accounts and annuities.) You don't want assets inadvertently going to an ex-spouse. It's also a good idea to name secondary beneficiaries.

3. Make sure a trusted and competent family member or friend knows where important documents and records are kept and has access to them.

## THE PERSONAL REWARDS

As hard as it might be to start this conversation, I think you'll find it mutually rewarding since you're not just talking about money. You're discussing human issues: family harmony, mutual respect and responsibility. In fact, I believe that taking the time to talk to elderly parents about their finances can be the greatest gift. And it gives you the valuable opportunity of helping take care of the people who first took care of you.

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