

# Discussing Finances with Aging Parents

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Today, we live in an age where planning ahead makes all the difference. The elder generation—taught to save every penny—may be experiencing considerable wealth due to increased value in long-time real estate holdings. Conversely, they can be experiencing huge expenses as they spend down their assets paying for home health care or nursing home expenses.

Many families do not discuss finances until a crisis occurs, and then it can be too late. It is easier to talk with parents when they are healthy rather than when they are incapacitated or hospitalized.

Adult children can play an important role in making sure their parents' estate and assets are in order as well as ensuring they are financially capable of taking care of themselves for the remainder of their lives.

Statistics show people are living longer and their retirement savings must be stretched to last a lifetime. It is likely that at least one parent will need some sort of assisted care in their elder years. The cost of a nursing home can exceed \$55,000 a year, according to some estimates, while assisted-living facilities average \$30,000 annually. If elderly parents are not prepared financially for that care, the burden may rest on their children.

Here are things you need to prepare for:

**Pick the right time to talk.** You want to make sure to have the conversation when you won't be interrupted and when everyone is relaxed. Having this discussion during the holidays may not be the best time. You also might want to cover things in more than one conversation.

**Maintain a sensitive stance.** Don't be judgmental of your parents. Remember, this is a difficult subject for them to discuss. You may not agree with their decisions, but keep in mind they are adults and probably didn't need your help to get where they are today. A good way to set the right tone is by saying, "It's important for me to understand your finances in case I need to help you in the future." You could even begin by discussing your retirement strategy or plans in the event of your own serious illness or death.

**Involve an expert if needed.** There are many resources available, such as Certified Financial Planner™ professionals, who can help you organize the management of later life decisions and financial issues for families. In some cases, it might be easier for your parents to talk about these matters with an outsider than with a family member.

**Make a list of assets and liabilities.** This is where you need to begin once the conversation starts. You'll want to note the date and cost of assets, as this information will be needed for tax purposes if any assets are sold.

**Establish arrangements for financial management.** Your parents will want to consider establishing a durable power of attorney. This is a legal document that enables them to designate another person to act on his or her behalf should they become disabled or incapacitated.

**Know where important documents are kept.** Make a list of all important documents, including birth and marriage certificates, wills and trust agreements, Social Security records, burial instructions, insurance policies, bank and investment statements, mortgage and real estate deeds and auto ownership records. Be sure to get bank information, including safe deposit box number and key location. Also make a list of important contacts with phone numbers such as financial advisors, doctors and attorneys.

**Review estate planning and investments.** If they haven't done so already, encourage your parents to develop a plan to maximize their legacy for their heirs. Also be sure to discuss their investment philosophy or strategies so you have an understanding of their financial well-being. This will help you plan ahead for any assistance you may need to provide down the road.

**Understand your parents' long-term healthcare wishes.** You'll need to know where your parents stand on healthcare issues should they ever become incapacitated. If that should occur, long-term care planning is essential to help you and them understand the costs associated with nursing homes or at-home care.

It is most important to think about planning ahead to avoid disagreements over care and finances with your siblings. The rewards are endless, and the experience will help you prepare for your own future.

