

Financial Dialog with Aging parents

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Whether you are thirty-five years old and have parents in their sixties or you are sixty years old with parents in their eighties, you are either dealing with issues related to aging or you will in the coming years. At some point in their lives, parents and grown children will face the challenges of talking about financial and legal issues associated with aging, such as chronic illness, disability, loss of mental capacity, etc. Each family is unique. Many parents are very private about their financial matters and find it difficult to share the information with their children while others have to work hard to persuade their children to take interest in their financial matters. Often, adult children are hesitant to bring up the financial matters for the fear of sounding interested in an inheritance. It is beneficial for both parents and adult children to help each other in planning for the future. The following are important points for consideration.

1: Share Information

Rather than waiting for a crisis to occur, parents should discuss the family's financial and legal plan with their children while they are physically and mentally healthy. If parents have their plans in place, they may need to share pertinent information with their children without disclosing all of the financial details. Planning ahead means anticipating difficult situations such as dependency, disability, incapacity and death and determining how each of those situations will be managed. These are unpleasant topics and uncomfortable for everybody. These discussions, however, allow for the creation of a cohesive plan on how to handle a potential crisis. Roles and responsibilities of different family members can be defined and parents' fears can be eased.

2: Financial Matters

There are two important aspects related to parents' finances: (1) their ability to manage their finances; and (2) the possibility of outliving their assets. Children may need to determine when they need to step in to pay bills, assist in filing taxes, watch for mismanagement, and meet with their parents' financial advisors, bankers, and accountants. It is crucial for parents to run numbers to see if they can handle the cost of long term care. Their living arrangements, cost of care and source of funding will need to be thought out if they outlive their financial resources. Planning ahead does not prevent all problems but it provides parents with more options and gives family members tools to act more effectively.

3: Legal Matters

Wills, living trusts and durable powers of attorney are documents necessary for parents as well as adult children. Too many people create the documents, yet fail to coordinate them with their financial plans. Incorrect beneficiary designations and titling of investments and properties create unnecessary problems. Whenever distribution from the estate is more or less in favor of one child, an explanation should be documented to avoid bitterness and resentment among children after their parents' demise. Parents also need to consult their children before appointing them as executors of the estate and or power of attorney. It is important to be practical and appoint children who are capable and geographically closer rather than by order of birth or gender. Location of all the documents, safety deposit boxes and keys, lists of all investments, names of financial professionals and their contact information should be available to children easily and when needed. User names and passwords of various websites should be kept in a safe place and should be disclosed to children in charge of financial and legal matters.

3: Housing and Downsizing

There comes a time when many seniors must downsize their homes and must cut back on the clutter in their homes for safety or just to get organized. Parting with lifelong belongings and moving out of a lifelong home are very sensitive transitional phases. Children need to be respectful of their parents' feelings and appreciate memories associated with objects and their sentimental value. For this reason, it is important for children to involve their parents in the decision making process when discarding things. There will be fewer hurt feelings and parents will be more cooperative when they are involved. Children will also benefit from this process, as going through the parents' estate and removing things after their demise is one of the hardest things to do.

Communication is a two way street and is the responsibility of both parents and their adult children. Adult children should take initiative when parents are not forthcoming or avoiding discussion. Parents in their sixties and seventies with children in their thirties or forties may want to share their information, plan and preferences now rather than waiting until a crisis takes place. Open dialog and conversation helps avoid stress and disputes during times of difficulty and chaos.