

Talking to Your Aging Parents About Their Finances

Presented by C.J. Ferrari and Mark Miller

Each day between 2011 and 2030, 10,000 baby boomers will celebrate their 65th birthdays. As the boomers grow older, their middle-aged children may find themselves in a challenging situation: providing financial assistance to their parents as well as their own kids.

According to a poll by the Pew Research Center:

- 75 percent of adults believe that they have a responsibility to provide financial assistance to their aging parents.
- 63 percent of adults have given some type of financial support to their grown children in the past year.

Members of the Sandwich Generation—those who are taking care of aging parents while supporting their own children—often come under serious financial and emotional stress. As your parents move into retirement, it's wise to plan ahead for any financial and legal responsibilities they may expect you to take on.

Starting the conversation

These days, 65 is hardly considered old age. But it's crucial to sit down with your parents and have an honest discussion about issues that may arise—before they need your help. What are their expectations for the future, and what kind of assistance will they need from you? Will they have sufficient resources to cover their care as they age?

As part of this conversation, be sure that they have their important documents and information organized. You'll want to know where to locate items such as:

- Wills and legal documents
- Investment, bank, and insurance account numbers
- Safe deposit boxes, real estate deeds, and automobile titles
- Emergency contact numbers (medical providers, neighbors and friends, and financial, tax, and legal advisors)

Looking into legal matters

If they haven't already done so, your parents may want to hire an attorney to help them manage their affairs. For example, they may need assistance with:

- **Appointing a health care representative.** Without legal authorization, medical privacy laws prevent doctors from discussing a parent's medical conditions with you. In addition to appointing a health care power of attorney, your parents may want to consider a living will, which provides instructions on how to manage treatment if they have a terminal or irreversible condition and cannot communicate.
- **Reviewing and updating estate planning documents.** Besides the basic estate planning documents, such as wills, durable powers of attorney, and revocable trusts, your parents

may wish to draft a letter outlining who will receive personal effects like jewelry and family heirlooms.

Discussing their financial situation

Depending on your parents' circumstances and financial savvy, they might need help managing their money as they age. Making arrangements now can help prevent confusion down the road.

- **Look into banking options.** Most banks offer automatic bill payment services from checking or savings accounts—a convenient option if your parents are comfortable with the Internet.
- **Review insurance coverage.** Be sure to discuss your parents' existing life and long-term care policies, and make changes if necessary.
- **Enlist an advisor.** Now may be a good time to get to know your parents' financial advisor, or to talk to your own advisor about your parents' situation. He or she can recommend products that are suitable to their investment goals, whether that means income, capital preservation, or growth. An advisor can also propose cash management solutions, which allow your parents' monthly social security, retirement plan, and annuity payments to be deposited automatically into an account. You can typically access these funds through a debit card, unlimited checkwriting capabilities, and online bill-pay services—everything that a bank checking account offers.

Looking to the future

As your parents age, a number of other considerations will likely come into play. Will they be able to continue living at home? How long will they be able to drive? Although these topics may be difficult to discuss, it's important to start the conversation early—for your parents' sake as well as your own. By planning ahead for any financial assistance and other care they may require, you'll help ensure that everyone's needs are met.

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