



Approaching Your Parents Regarding Financial Matters

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Talking to your parents about money is always difficult, especially when the money you're talking about is theirs. It may be the most difficult conversation you'll ever face: asking your aging parents if they need help managing their finances. They belong to a generation that was taught to keep their information private and not to share their concerns openly.

Elderly parents often fear losing control of their finances and being victimized – unfortunately, this is a very real concern. While most children and other family members do the right thing and use their parents' money for their parents care and well being, there are always a few bad apples who are only concerned with themselves. In some cases, family members find it easier to avoid the financial conversations because they raise uncomfortable questions about who gets what and which of the siblings handles the estate. Family members and siblings need to get past that concern, because the parents' financial situation may well impact them as well. This is of particular concern if the parents become unable to support or care for themselves.

While there are certainly a host of good reasons to avoid the topic, and you need to keep them all in mind, such conversations are even more difficult when held in the midst of a crisis. Never mind what happens when a parent's cognitive function decreases to a level at which they cannot discuss these matters or even remember what their assets are. For these reasons, the time to talk is now. Start the conversation in a non-threatening way. Present it in terms that you love the person and just want to make sure that he or she is taken care of and that his or her wishes are respected.

Experts say a good way to broach the subject is to level with your parents. Tell them you're concerned about their financial welfare and let them know you'll be there for them in whatever capacity they may need you. Not surprisingly, it's when children get too pushy -- no matter how well-intentioned they may be -- that parents get defensive. There's no easy answer here. People do not reach a certain age and they should automatically turn their finances over to their children or another third party.

Once the ice has been broken and progress has been made with the parent, you need to familiarize yourself with your parents' important papers and documents so that you can help them when necessary. Here is the list:

- Insurance policies in all forms: house, car and health (Medicare and Medicare Supplement and Part D)
- Real estate deeds
- Investment papers
- Bank information, including checking and savings account numbers and the name of the bank and contact information
- Interest income information
- Credit card numbers and information, including contact information
- Social Security numbers
- Military records
- Pension documents
- Wills
- Trusts
- Their attorney's name, address and phone number
- Advance Directive information
- Powers-of-Attorney
- Any and all loan information
- Location of safe deposit boxes (and keys)
- A list of passwords and account names

Once you have become familiar with and catalogued the items listed above, ask your elderly family member what he or she wants. Allow that individual to retain as much control as possible. Let them be involved and keep them informed. Respect their privacy as much as possible. Be prepared to accommodate any changes that are requested, while becoming educated on the best method for protecting the assets to make them last as long as possible.

Make sure to keep their money separate from your own. Commingling of funds can create many problems: whose funds are they, who controls after death and potential disqualification for government programs. While managing assets, be sure to balance the financial statements when they come out. Change the address to have the bills delivered to you, while collecting and paying bills that have already been received. Have your name to the bill-paying checking account so that you are able to take care of the expenses.

Advance planning tips:

- If your parents are still well, encourage them to assemble a file or "financial map" that details the location of their financial accounts and safe-deposit boxes, as well as the names of their financial professionals.

- As your parents age, ask them to have financial institutions, mortgage companies, etc., automatically send you copies of your parents' monthly statements. You might spot an error or trouble spot early -- before it becomes a crisis.
- Becoming a parent's conservator is expensive and time-consuming. All the more reason to be sure your parents have signed a power-of- attorney and/or a trust well before they might need it.

A final situation for which you may want to offer help is when the designated bill payer of the house -- oftentimes the husband in older generations -- passes away. The parent left behind may or may not be able to pick up where their spouse left off. That means having your parents sign a power of attorney granting you permission to make certain decisions on their behalf.

In summary, though speaking to parents regarding their financial matters may be difficult, taking that step is very important. If no one is able to step in and make decisions, then court intervention will be necessary. The sooner that action is taken, the more options are available. Please take the time to approach your parents, but make sure that you are doing so for the right reasons.

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