

FIVE WAYS TO HELP AGING PARENTS PLAN FOR THE FUTURE

By PAUL A. GYDOSH JR.

Nearly 10 million adult children over the age of 50 care for their aging parents, according to a recent study by the National Alliance of Caregiving, New York Medical College and MetLife. The number of adults helping a parent personally or financially has tripled in the past 15 years.

Yet many families still believe that talking openly about their financial and final affairs is taboo, and parents may question their adult child's motives for inquiring about their finances. However, more often than not, adult children unexpectedly find themselves in the role of caregiver for their aging parents, putting a strain on the entire family.

Providing care for aging parents is both physically and emotionally stressful. It can also occur at a time when adult children need to be planning and saving for their own retirement.

While it is very important for parents to remain independent, it is equally important for families to work together to assess the elders' financial situation and determine if an appropriate plan for their future is in place. It is critical to prepare for emergencies, organize one's finances and legal affairs, and assess long-term care and estate planning needs before it is too late. The more a family understands the situation, the easier it can be to make informed decisions at a potentially stressful time.

Here are five steps adult children can take now to help parents plan for the future.

Listen and Learn

The first priority is to listen in a nonjudgmental way. People in their 70s and 80s can be hesitant to talk about their financial situation. Listen actively when talking about their feelings. Don't try to discuss everything at once. Afterward, take a moment and make notes.

Learn about parents' financial intentions. Must they consider the special needs of a grandchild or child when they are gone? Do they support any other family

members financially? Is there a more astute daughter or son who could step in to govern their finances and the eventual distribution of assets, and does this child accept this responsibility? Do the parents have a passion for a charity or an alma mater they recognize with current gifts or wish to recognize in their estate? These are just a sampling of questions for a frank, open conversation.

Organize

Record all assets such as stocks, bonds, IRAs, annuities, bank accounts and CDs on a simple spreadsheet. Inventory belongings, noting items that should remain in the family and those that are of sentimental value. Identify income sources and expenses. At this step, try not to be judgmental. Total the amount needed to sustain their lifestyle. Understand how much they would like to provide for others—including college tuition for grandchildren,

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travel and charitable giving. Determine whether they are comfortable paying bills or need help.

Web-based tools such as eMoney and Mint.com allow family members to view accounts in a read-only mode, which may help parents feel less threatened that someone is trying to take control of their money. These systems allow an adult child to peek over a parent's shoulder, but do not permit transactions by the child. Many parents will agree to this half step. This lets the child keep an eye out for unusual large expenditures or checks written to unknown payees.

Identify

Obtain the names and contact information of accountants, attorneys, financial plan-

ners, insurance agents, clergy, executors/trustees and anyone else parents interact with on a financial and life basis. The goal is to avoid having to search for this information in the event of an emergency. If parents are willing, offer to participate in the next meeting with any of these key professionals.

Locate

Collect wills, trusts, powers of attorney, living wills, insurance policies (life and long-term care), prenuptial agreements, real estate deeds, titles to assets and pre-paid funeral arrangements. Fill in any gaps. Often, involving an estate planner helps parents feel less threatened and more confident that their wishes will be carried out.

Educate

Take the time to research Medicare, Medicaid, nearby nursing home offerings and estate planning strategies to better understand short and long-term planning. Ask your parents' thoughts on each of these areas. The Internet, local community colleges and senior centers are other sources of information.

If appropriate, meeting with a financial planner can help ensure parents' needs and wishes regarding the preservation and transfer of their assets are met. In this same setting, ask the planner to take an analytical look at their resources versus needs and the current investment allocation compared with risk and income needs. These items should be reviewed annually or as their needs or conditions change.

Take time now to research all of the options, consult various resources available and develop a plan for the future.

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