

3 Tough Money Conversations You Need to Have With Your Parents

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When we're younger, negotiations with our parents often involve curfew times, car privileges and allowances. Then the roles flip as we get older. At some point, we have to start negotiating with our parents about their health, the need for increased care and eventually, their final wishes.

Parents and adult children don't often talk about these serious issues because these conversations can be difficult. Then, adult children are left to figure things out for themselves.

Having difficult but necessary conversations as a family about responsibilities, inheritances and other weighty matters can make some situations easier and keep emotions in check. Think of it as financial planning for elderly parents.

3 Financial Planning Conversations to Have With Your Parents

It isn't all about money. There are many issues adult children might want to discuss with their parents including long-term care, housing, and splitting assets and responsibilities.

If the parents are capable and willing, include them in any discussions, but maybe leave out spouses and other family members.

"Every family dynamic is different and that might not make sense for everybody," said Marcy Keckler, vice president of financial advice strategy for Ameriprise Financial.

"But in general, if the parents are talking with just their own children [and stepchildren], that family dynamic is going to be potentially a little bit simpler."

1. How Do You Plan to Split Your Assets?

The word "inheritance" often conjures up images of the ultrarich trying to figure out how to divide their millions. It isn't always that way. Anything can be an inheritance: a house, a car, household possessions, financial portfolios, etc.

Keckler says it's OK to ask about an inheritance; it won't make you look greedy.

Some parents say they hear from attorneys and financial advisers that it's better to keep their wishes to themselves so they don't create family conflict. Asking a parent directly about how they plan to divide assets can let them know you're interested.

Kids don't need to know specific amounts of any inheritance, but rather generalities. Knowing if the money would pay for a nice vacation or a new home can impact financial planning for everyone.

Talk about discrepancies. Life isn't always fair and equitable. Sometimes, a parent might choose to divide things differently among their children. Asking your parents why they made these decisions might reduce animosity later.

2. Who Will Handle Long-Term Care?

Another difficult topic to discuss is how to care for parents if the time comes where they cannot live at home or need another type of care. These situations involve much more than finances, like where the parent will live, who will go to doctor's appointments, who will handle shopping trips, etc.

Discussing how to pay for what your parents' might need and who can do specific tasks to help them can be beneficial and can help ease some resentment.

A child who lives close to a parent might move them into their home or be the one to drive them everywhere, causing them to feel like they are taking on all of the burden. Family members who live farther away might feel like they are not providing enough support.

Keckler said it is important to talk about any imbalances. Siblings often have different financial situations, so dividing everything equally might not always be possible. One might be able to pay for more than another.

Acknowledging this can help. "Give each other credit for different types of support and care for the parents," Keckler advised. "I think if siblings can make sure that they acknowledge the contributions of each other, that can be one way to ease sources of tension."

There are many tasks that are necessary and do not involve living close by or large amounts of money. Things like handling online banking, paying bills, ordering household supplies, scheduling appointments, etc., can be accomplished remotely and can allow someone who lives further away or who does not have the financial resources to pay for care to contribute.

If possible, include your parents in these discussions. Sometimes, that isn't possible if their health or mental capacity has significantly declined, but knowing their wishes can sometimes make things easier.

3. What Insurance Policies Are in Place?

Since insurance policies can help pay for things like long-term care and final expenses, it's important to talk about any policies that might exist.

Make sure you know:

- If any life insurance policies are in place and what type of policy it is.
- The amount of the death benefit.
- The beneficiaries.

If your parents are still young and are in relatively good health, buying a long-term care policy could save your family a lot of money down the road. However, the price of a policy could be cost-prohibitive if your parents are older or in failing health.

Keckler advises making sure a will, power of attorney, and advance directive exist and every sibling knows where they are and how to access them.

The Health Insurance Portability and Accountability Act (HIPAA) restricts who can have access to private health information, so signing documents that allow you to access your parents health information is also important. Keckler recommends having these documents on file at hospitals and doctor's offices where your parents might go in addition to keeping copies for yourself.

Check to make sure these documents are up to date and contain your parents' current wishes. If they're not, encourage your parents to update them.

How to Start the Conversation

These conversations are not easy, but they don't need to be overly difficult and divisive either. Making sure everyone feels important and heard is key.

It's important not to wait until something forces these issues to start the conversation.

Keckler suggested finding a natural catalyst to bring up the conversation like:

- Saying you just had a meeting with your financial planner and think you should have one as a family.
- Talking about a friend who is dealing with a family crisis and thinking how your family could avoid some of the struggles and be prepared.
- Discussing a meeting with a lawyer about documents like a will, health care surrogate, power of attorney, etc., and realizing you haven't discussed that as a family.

Before the actual conversation, try to figure out what your goals and priorities are. What should you talk about and manage now and what can wait?

Other advice:

- **Keep the conversation going:** Schedule regular times to talk about these issues.
- **Define roles and responsibilities:** Each sibling might be able to help in different ways. Talking about expectations can diffuse tensions later. Discussing who is responsible for what and getting powers of attorney in place can be a good idea.
- **Listen:** Keep an open mind and be non-judgemental. Money is a difficult topic to talk about.

Involving a non-family member can be a way to break the ice. A financial planner can help facilitate the conversation because they have experience and know what kinds of topics to discuss.

"It's natural to have apprehensions about these conversations, but it's important to get past those apprehensions and have the conversations" Keckler said. "Families who have done this report it went better than they thought it would and they felt more financially confident. Overcoming your apprehensions and getting started is a great first step and you'll be glad that you did."

Tiffani Sherman is a Florida-based freelance reporter with more than 25 years of experience writing about finance, health, travel and other topics.