

WEALTH CREATION

9 Questions to Ask Aging Parents About Their Finances

Speaking to aging parents about money isn't easy. Here are nine important questions to ask.



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There are now more than 70 million Baby Boomers in the U.S. Yet, millions of adult children may not be prepared to make important decisions about their parents' future if necessary because of a lack of knowledge about their parents' finances.

While people in their 40s and 50s learned much about money from their parents, now the roles are becoming reversed. Adult children should know where their parents' finances stand in case of any emergency. In addition, they should know critical information in case of death, such as if they are named the executor of their estate.

Speaking to aging parents about their finances isn't easy. **To begin this process, here are nine important topics that you may want to discuss with your parents:**

1. Do You Have a Financial Plan (and Will It Be Enough)?

If you are starting from scratch, find out if your parents have a financial plan and a financial adviser. If you have your own financial plan, letting them know about it may be a good way to inquire about what they have in place for themselves.

Some parents will have a solid financial plan that will enable them to live comfortably into their 80s or 90s. Or, you may learn they are living on a fixed budget and money is tight. If it's clear

that you will need to help them financially now or in the future, begin to plan for that now. Any decision to provide them with financial support will likely have an impact on your own financial plan.

2. Do You Keep a List of All Your Accounts Handy?

Ask your parents to put together a list of their financial assets and those people designated as beneficiaries of those accounts. For example, the children will likely be beneficiaries of any Individual Retirement Accounts and other assets. Keep this information in a safe place.

If your parents have a financial adviser, ask them to keep that person's contact information with their list. Each year, one of our clients gives their adult child a sealed envelope listing all of their accounts that is to be opened in the event of an emergency. We also meet with the adult children of several clients who are still in good health, which helps them understand their parents' plan, as well as how we can help if the parent becomes ill or can no longer make important decisions.

3. Where's Your Will, and Am I the Executor?

It's important to know if you may have a role in the estate plan and what it means. A number of our clients have wills naming their children as the executor of their estate or as trustee of trusts.

Find out where your parents keep their will and estate documents and the attorney who has the latest version. Most estate planning attorneys keep an original copy on file, but we have seen an instance where no one could find the latest will after the death of a parent. And if your parents are among the many out there who don't have a will, you should advise them to hire an estate attorney to help get a plan in place. You could even offer to pay to have it done. It can be more costly and more time intensive to unwind an estate with no documents in place.

Some wills will describe any end-of-life celebrations or requests for the executor of the will. One item that is not commonly listed in the will that you may want to ask about is if your parents have prepaid for a burial plot or memorial arrangements.

4. Any Life Insurance I Should Know About?

An item that may not be listed on your parent's list of accounts is any life insurance policy they may have. Find out if your parents have any active life insurance policies, which company has issued the policy and the policy number.

If your parents are still working, they may have life insurance through an employer rather than owning a policy individually.

5. Do You Have Any Special Bequests to Family and Friends?

Family heirlooms and special personal property may have a prominent place in your parents' estate plan, as well as for you and your siblings. Perhaps your sister has claimed your mom's engagement ring, or your brother has requested the antique watch — knowing your parents' intentions and wishes for their keepsakes will make things much easier when they pass.

Having these conversations soon can help prevent any disagreements during a difficult time. Some of our clients have used a separate list for personal bequests that are referenced in their will; it enables them to quickly update it instead of revising the entire document.

6. Who Is Your Financial Power of Attorney?

This document is a staple of any estate plan, allowing your parents to name a primary and secondary person to make financial decisions on their behalf if they become incapacitated.

If you are named as the person to make financial decisions, find out where all of your parents' financial assets are held. In addition, obtain information about their Medicare policy, any pensions and Social Security benefits. It even helps to know their utilities companies, just in case you need to pay these bills and must prove power of attorney.

7. Are You All Set with a Living Will? What Are Your Wishes for Medical Care?

Your parents should have an Advance Health Care Directive or Living Will and Health Care Power of Attorney. These documents convey which adult child can make medical decisions on behalf of a parent if they became incapacitated or terminally ill.

Because it includes your parents' preferences for life-sustaining treatment, including a "Do Not Resuscitate" clause, this is an important one to understand. It may also discuss their preferences for or against organ donation.

8. Have You Forgotten Bills or Had Trouble Balancing Your Checkbook Lately?

We recommend a discussion of key financial decisions with your parents while they are in good health. This will enable everyone to make a plan if your parents start to show signs of memory loss.

The signs of memory loss include forgetting appointments, making occasional errors while managing household finances or getting confused on what day of the week it is. We have witnessed people deviating from normal patterns of behavior that caused us to reach out to family for guidance. In one case, a client started giving away a significant amount of family assets to a particular organization, a behavior that was out of character for him. Their family was able to step in and determine that the client was being taken advantage of and were able to stop the transfers.

9. Do You Have a Long-Term Care Policy? Can I Read It?

These are insurance policies that provide a monetary benefit for assisted living or skilled nursing care. To claim benefits, a person typically needs to be unable to perform two out of six common

“Activities of Daily Living” (bathing, dressing, toileting, eating, transferring and continence) or have a severe cognitive disorder.

If your parents have a policy, find it and understand the basic benefits in case you need to help them file a claim. Simply being aware that your parents have these policies can remind them when they can be used and ease the financial burden of assisted living or skilled nursing care.

Discussing your parents’ financial and estate plans is not easy and may be uncomfortable, but it will help give both you and your parents some peace of mind to know that they will be provided for and things will be taken care of in their absence.

NYSUT Note: NYSUT Member Benefits endorses various legal and financial programs that can assist you and your family members with many of these tough decisions. For more information on available services, [click here](#).

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