A Financial Guide

TALKING WITH LOVED ONES ABOUT MONEY
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### Important Disclosures

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Introduction

Perhaps the hardest part about having a discussion about money with your adult children or your elderly parents is starting it. And that’s understandable. For many people, talking about money is just not comfortable, just not done. For others, it can stir up powerful, sometimes buried, emotions.

Discussing your own monetary situation with adult children can evoke a multitude of feelings. For parents concerned that this wonderful, long life expectancy that Americans are generally experiencing will gnaw away at their financial reserves — and thus leave adult children with little or no inheritance — it might stir feelings of inadequacy. For others, it might engender worry, especially if they think they might have to count on their children for support. For others, discussing finances with adult children might raise expectations of what the children think parents should be doing for them or for any grandchildren.

Other times, a discussion of money raises doubts about personal relationships that may be awkward or downright unpleasant.

- Is there one child you are closer to and feel more willing to share information with?
- Do your children equate money with love — to the point that they calculate how much financial help each has received from you and assume that the more help, the greater the love?
- Do you respect one child more than another — and is that evident?
- Are you critical of one child’s lifestyle or spouse and supportive of another’s?

All of these questions, and others, play into how easy or difficult it is to talk about finances.

Talking to elderly relatives may be no less difficult. First, you’re switching roles. No longer are they asking you whether you have money in your pocket to get home at night. Now you’re wondering whether they have the money to see them through the aging process. The discussion becomes even more uncomfortable if the culture or family you grew up in didn’t discuss finances at all.

And, of course, talking about money to either generation raises the specter of mortality — a subject people rarely enjoy dwelling on.

With all these emotional minefields to maneuver, you might wonder why we think it’s important to have money discussions with loved ones. Here are the reasons:

- Having a clear picture of financial facts can help minimize misunderstandings and conflicts later on. We don’t believe mystery strengthens family bonds — but we think knowledge can.
- People are better able to plan for the future when each generation has an understanding of its financial responsibilities. Knowing what’s expected of them can make them feel more secure as they chart their financial course.

All families are different, of course, so there is no one correct approach to making financial conversations effective. But there are some financial subjects that are important to talk about, and this booklet will provide ideas to help you broach these subjects and possibly make discussions easier.
What to Expect

This booklet is divided into four major parts: “Talking with Adult Children About Your Finances,” “Talking with Adult Children About Their Finances,” “Talking with Elders About Their Finances,” and “More Help.” In the first section, we delve into how to talk about your finances as they are now and what your adult children need to know about your estate plans. In the section on talking with your adult children about their money, we tackle an even trickier subject — how and when to initiate post-parenting discussions. In “Talking with Elders …,” we explore how you can respect elders’ reluctance to share financial information while still finding out what you need to know to assess your own responsibilities toward them. And “More Help” is just that — additional resources to use to foster productive financial conversations.

Jump into whichever section is most appropriate for you. In all of the sections, you’ll find tips, hints and opening gambits designed to further conversations. Keep in mind that the intention of these talks is to maximize fiscal independence among each generation — and to provide a realistic assessment of how to handle future financial decisions.
Chapter 1
Talking With Adult Children About Your Finances

About Your Present Situation

While some families can talk about their finances with the same ease that they talk about the weather, others won’t even share how much they spent for a loaf of bread (unless they got a good deal on it). But most families fall between these two extremes. Adult children might know the approximate worth of your home, but not how much you have invested in the stock market. You might share how much you made on a stock transaction, but not how much you earn at work. You may talk about how much you’re spending on renovating the kitchen, but not how much you’re putting into your 401(k).

Family history and culture influence what financial topics people talk about. So do each individual’s personality, the comfort level of those who make money decisions — and your trust in the person with whom you’re sharing the information.

We would never suggest that you share your total financial picture with your adult children unless you feel totally comfortable doing so. For one thing, that financial picture is fluid; it could easily change from year to year. You might be earning significantly more one year — and less another. You may change your investment strategy, depending on your age, health or stage of life. And each time your financial picture shifts, you could feel compelled to report that to your children, which is something many people don’t want to do.

You might be uncomfortable with all that openness because you don’t really know whether that information will be interpreted correctly. Will it make the adult kids envious of your good fortune? Worried that you’re not going to make it? Skeptical of your financial savvy? Annoyed that they’re not getting some of the wealth?

However, while you’re probably not going to give them a detailed picture of your net worth, some basic financial information should be shared with adult children.

Sharing the Essentials

There are three documents that can ward off potential financial and emotional crises: a durable power of attorney, a living will and a health care proxy. Because all three documents point to incapacity or death, they are not easy to talk about. But they’re a must for you to have and for your loved ones to know about.

- A durable power of attorney is a legal document authorizing whomever you appoint to act for you in a wide range of financial matters — including paying bills, filing tax forms, buying and selling property, and handling investments. It can be drawn up so that it’s effective immediately, or it can be designed to go into effect only if you become incapacitated. You may be uncomfortable giving someone else (even your spouse or partner) this authority before it’s absolutely necessary. But you should keep in mind that this document only puts your appointee in the position to take over should it be needed.

- A living will directs healthcare providers to withhold or withdraw lifeprolonging procedures for someone who is dying. You can name specific measures that may or may not be taken. For example, you might ask to receive pain medication, but not to be placed on a respirator. Or you might decide to direct your caregivers and the medical professionals to do everything possible to keep you alive.

- A health care proxy or health care power of attorney gives the person you appoint the power to make healthcare decisions for you if you’re unable to do so.
What your children need to know: One or more of your children should know who you’ve appointed to act in your stead for each of these documents. Sometimes adult children want to be named as the appointed person; sometimes they don’t. But in any case, they’d like to know why the person you chose was selected. The adult children also need to know where these documents are located and perhaps have copies of them.

How to get the conversation started: You might say something like, “I know this isn’t something we’d like to talk about, and I hope you’ll never need to refer to these things, but in case you do, I want you to know that I have drawn up the following directives and appointed the following people to carry them out.” Make the conversation as matter-of-fact as you can.

Know where your important documents are and who your financial and medical advisors are. If you have a partner or spouse who isn’t able to be of help should you become disabled or unable to perform financial tasks, your children might be called on to act in your stead. So they should know who your advisors are and how to get in touch with them.

How to get the conversation started: This isn’t difficult and it really needn’t be a conversation. It’s better if they get this information in hard copy so they can file it and use it only if needed. (See the “Your Financial Information” chart on page 29.) Send the hard copy to some or all of your children with a little note: “Please hang on to this just in case you need it someday. I’ll send you updates as needed.”

Know your retirement plans/concerns — and what actions you’ve taken with an eye to the future. Because most people want to take as much financial control over their own lives as possible, chances are you’ve already put in place some financial measures that might affect your future. Your children should know what they are so they don’t worry about you. Knowing that you’ve planned for the future in a very positive way is reassuring to them. (And you’re teaching them by example that planning is important.)

How to get the conversation started: Again, be matter-of-fact. If you’ve taken out long-term-care insurance, let them know what the policy covers. Tell them if you’re planning alternative-living arrangements, such as selling your home and moving to an adult community. If you’re worried about your own financial future because you haven’t spent enough time planning for it, acknowledge these concerns and explain what plans you and your financial professional are making to help you catch up.

Know the impact your finances will have on your children. It may be difficult to think of talking to your children if the conversation reflects weakness on your part. But your adult children need to plan for their own future — and that may depend partly on your financial situation. So they should have an idea of what you expect to do for them and what they might be expected to do for you.

Will they be able to count on you for a loan to start a new business, for example? Are you starting to fund the grandchildren’s college education? Do you think you’ll need your adult children to play a part in your financial future?

How to get the conversation started: These conversations are often harder in anticipation than in reality. A direct approach is probably best. Saying something like, “I know you’re probably wondering how much I’ll be able to help out with the grandchildren’s education, so I thought it would be best to talk about this now, so you know what I’m putting away for them.” Or, “I would love to be able to contribute to the grandchildren’s education, but I’m holding off on doing anything because I want to be certain that I have enough to live on when I retire.”
Possible Tricky Situations

- You give a large gift or loan to one adult child and not others. Many times, parents will give one child a large loan or gift for a good reason. And children may think it is being done secretly so that the other children will not learn about it. But almost inevitably they do, and it often creates friction within the family.

**Talk tips:** Don’t ask the adult child receiving the largess to keep it a secret. It can make him or her uncomfortable and a co-conspirator in a plot that isn’t sneaky. It’s better if you explain the situation and the reasons behind the gift or loan to all the siblings. Siblings whom you’ve helped in the past are usually understanding and appreciative of your generosity. Some may be annoyed or hurt and feel that you’re favoring one child over another.

If you can and want to even things up immediately, fine. If you want to reserve funds for other emergency situations with your children, also fine. If you want to even the playing field later on when your estate is distributed, fine. If you want to do none of these things, also fine. That’s your decision and your money. But at least the other children won’t feel you were underhanded and trying to keep the gift hush-hush.

- Your adult child comes back home to live. As much as parents are empathetic to an adult child moving back because he or she lost a job and is having trouble finding another or one who is going through a difficult divorce, it’s important to realize that the returning kid is still an adult. That means having appropriate adult expectations and not turning your sympathy into a license for the child to be financially irresponsible because you’re doling out money at every request.

So it’s important to talk about certain issues with “boomerang” kids. Some discussions are just about living arrangements, such as who does the chores and how long you and your child expect the togetherness to last. Others are financial, such as who pays which bills and whether rent will be charged.

**Talk tips:** Prepare a list of all the things that are on your mind. Ask your son or daughter to do the same. Negotiate so that you are both equally happy (or equally unhappy) with the final conclusion. For example, he will have to pay rent, but only a fraction of what he would pay if living on his own. Or he’ll have to pick up all his personal expenses and all the utility bills for the household, and you’ll handle the rest.

- Traveling as a family. Vacationing as a family is an opportunity to share a terrific experience. Even if you’re giving this trip as a gift to your adult children and/or your grandchildren, should you be expected to pick up the tab for everything or should they be expected to chip in?

**Talk tips:** It’s not unusual for even the most mature adult children to regress into old patterns where Mom and Dad pay for everything, so talking about the vacation beforehand is essential. If the family is renting a house for a week, what part of the financial responsibility will they share? Chipping in for the rent? Getting the groceries? Paying for outings? If you’re going on a cruise, will each adult child be responsible for his or her personal expenditures? Airfare to the cruise ship? Whatever the arrangement (and each family will differ), the method of handling finances needs to be clear and agreeable to everyone.
About Your Estate Plan

Your responsibility is to develop a thoughtful estate plan.

Inheritance is not a birthright. Federal and state laws are very clear that your first responsibility when developing an estate plan is to your spouse — not your adult children. For example, one law stipulates that you must leave your pension to your spouse unless he or she specifically signs away rights to the money. Another law says that spouses can leave each other an unlimited amount of assets, free of estate tax. These laws underscore the unstated social policy that the primary obligation of any married couple is to each other — not their adult children.

Having said that, people in most cultures want to leave their children an inheritance, whatever the final amount of the assets. That’s why they have estate plans.

What constitutes a thoughtful estate plan?

A good estate plan is attentive to all the financial elements involved in transferring assets and all the emotional elements that the transfer entails.

The emotional component is important because as much as we might not like to admit it, money talks. So it’s important to ask yourself what you want the money to say to your adult children.

In an ideal family situation, parents would probably like an inheritance to say, “I’m leaving my assets equally to my wonderful children as a token of my love and affection, and I know that all of them will use the money wisely.”

But then there’s reality. Jealousy and greed, favoritism and inequality, estrangement and feuds, doubts and disappointments often punctuate family life. When you’re planning for the distribution of an estate, you have to consider these strains on family harmony.

Answering the cocktail-party question “what do you do?”

Each person’s estate needs and desires are different. So there’s no cookie-cutter approach to estate planning. You need to work with your legal and tax advisors to determine which of the following common building blocks of an estate plan make sense for your particular situation.

- **A will** – This is the cornerstone of most estate plans. It takes care of the distribution of all of the things you haven’t accounted for elsewhere. Without one, state law dictates how property is distributed.

- **Trusts** – Trusts can be helpful in managing and protecting property for the people or institutions you want to benefit. Some trusts can be set up within the framework of a will; others operate outside of it.

- **Bank and brokerage accounts** – These can be set up as informal trusts allowing you complete control over the funds in them for as long as you live. All you do is set up an account in your name as depositor and as trustee for the benefit of your beneficiary.

- **Joint accounts** – If you establish the ownership of a home, business, brokerage or bank accounts in joint name with right of survivorship, at the time of death the ownership is automatically transferred to another person.

- **Life insurance** – A simple way to leave an inheritance to a beneficiary.
Why Share Estate Plans With Adult Children?

It is important for adult children to know your inheritance objectives and how you’ve set up your estate to accomplish them so that they can plan for their future more effectively. You probably don’t want to share the exact amount of money children can expect to inherit. But if, for example, they’re counting on inheriting the family business, they need to know what provisions you’ve made for that eventuality. Or if they know you’re planning to leave part of your estate to your second spouse (e.g., not their mother), they need to know that and not count on your money to buy a house.

Since you don’t want your children overwhelmed with sleuthing chores after you die, it’s also important to tell them who your lawyer, financial professional, banker and other advisors are — and where to find your relevant financial information. (See the “Your Financial Information” starting on page 29.)

Sharing objectives, plans and information is especially important when you’re doing something out of the ordinary with your assets. For a number of reasons, you might leave one adult child his or her inheritance outright and put another’s into a trust. One reason for this might be that you suspect that your daughter will someday divorce her husband and that he may, as part of the settlement, make a play for the inheritance. Or to sidestep the possibility of your son’s creditors eating up any money left to him, you might want to set up a generation-skipping trust for your grandchildren.

In cases like these, if you don’t explain the reasons for your actions, the child treated differently will be left wondering whether you trusted or loved the other sibling more.
With the help of your financial professional and an experienced estate attorney, setting up a plan is relatively simple once you have clarified your estate objectives.

As you review this list, prioritize your goals and make certain the final estate plan addresses your most pressing concerns. Keep in mind that you will need to review your goals and estate plans every few years, as family circumstances and estate and tax laws change.

I want to ...

- Provide security for my surviving spouse, partner or long-term companion.
- Make money available for children’s or grandchildren’s education.
- Treat heirs equitably (not necessarily equally).
- Provide for the special needs of a particular heir.
- Make life easier for my adult children.
- Leave money to my spouse’s children.
- Designate a corporate trustee to oversee my estate.
- Provide support for my elderly relatives.
- Designate certain items (from heirlooms to “stuff”) for certain heirs.
- Keep my business in the family or assure its continuity.
- Prevent inheritance conflicts among heirs.
- Protect inherited money from my children’s potential problems.
- Make certain my money and assets wind up with my children from a former marriage.
- Provide my youngest children with the same financial benefits my older children had.
- Eliminate certain potential heirs from receiving any inheritance.
- Protect my estate from excessive medical/nursing-home costs.
- Leave my grandchildren an inheritance.
- Leave a portion of my estate to a charity or organization.
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Preparing for Talks

Look for natural opportunities to initiate your discussion, such as when a friend or relative is dealing with an estate after a death. Or you might use a magazine or newspaper article about a famous family coming to blows over an inheritance.

Keep in mind that adult children who have good relationships with their parents might be reluctant to talk about this unless you bring it up in a loving manner, telling them that it’s important to you to have this discussion.

As tempting as it is to start a conversation when all your children are together for a family holiday, it’s not recommended that you use Thanksgiving dinner or the hours before a wedding to launch into a talk about your estate. It’s too jarring and inappropriate. But if that’s the only time you get together as a family, give yourself some space between the joyful event and the discussion of death and inheritance.

Before beginning any discussion, be clear about your own motives for raising the issue. You can’t always know what’s going to happen when you bring up the topic, but you should know why you are raising the subject (to avoid conflict later on, perhaps) and what you want to have happen (maybe to find out more about your children’s feelings and opinions). You might also have some concerns that you want to share with your children.

Since you’re discussing your estate, remember to listen when a family member raises an issue. Listening is an act of love that is always appreciated and always important. Listening does not mean that you’ll be ruled by your children’s feelings or opinions. It does mean you respect your heirs enough to hear them out.

Facing Controversy

Discussing estate plans with adult children can spark controversy. But at least you have time to try to iron out the conflicts. Bringing the issue out into the open lets children vent — and lets you gauge their reactions. Their responses to an inheritance dilemma, for example, might raise good points and give you a sense of how to proceed. Since they’ve probably been wondering about the situation anyway, they may have creative ideas that would be more conducive to family harmony — ideas that could be incorporated into your final estate plan.

It’s also possible that you might positively influence the adult child’s lifestyle. For example, if you’re thinking of disinheriting an adult child who has a substance-abuse problem, saying so might give him or her an incentive to go into rehabilitation and counseling.

Ultimately the decisions you make about your estate are yours alone. If you are concerned about the emotional pain an estate plan can create when the way you divided things up isn’t understood (and remember that you can’t respond to questions after your death), or if you want to minimize disputes among children, it makes sense to talk now.

Tackling Some Tough Subjects

Every family has its own set of complicated estate issues to grapple with, but there are some of the most common:

• Should I leave more money to my daughter, the teacher, than to my son, the tycoon?

If you leave more to the child with the greater need and less to your “successful” child, are you rewarding failure and punishing success? Will your son be resentful? Will your daughter feel inadequate?

How to talk about it: Bringing up the possibility of an unequal inheritance allows each child to vent his or her feelings and gives you an opportunity to gauge their reactions. If you sense hurt, anger, incredulousness or any reaction that might harm their relationship with each other, you might consider a different plan — like treating each child equally or making small gifts during your lifetime to the child who needs more. (Keep in mind, too, that your children’s financial situations might change over the years.)
• **Can I trust my two children to take care of their disabled sister if I leave them all the money?**

Many families grapple with this because they trust their healthy children and think that they will be more empathetic to the disabled child than a third party. But realize that that’s a lot of responsibility, and the arrangement might not work out as planned.

*How to talk about it:* Your healthy children might say they’ll do it gladly, but they may not realize the complexity of the situation. That’s why it would be important to bring your estate attorney into this conversation. The attorney would not focus on the confidence you have in your healthy children, but might suggest alternative ways to care for the disabled child that wouldn’t put pressure on siblings or jeopardize the inheritance. An expert would also advise you on ways to qualify the disabled child for government benefits while providing him or her with some of life’s extras.

• **Will I alienate my biological children if I leave my stepchildren an inheritance?**

Sometimes adult biological children resent any inheritance that stepsiblings or half-siblings might receive, even if the “steps” or “halves” have been raised by their biological parent.

*How to talk about it:* If you’re bequeathing an inheritance to “steps” or “halves,” telling biological children about it should reduce the surprise and anger later on (though it may not reduce tensions if relationships are strained). If you really don’t think you will be able to quell the uproar, or if you think that by telling them you’ll only increase the animosity, you might consider buying life insurance and naming the “steps” or “halves” as beneficiaries since life insurance isn’t probated and therefore isn’t part of public documents.

• **How will I handle large loans to children that aren’t repaid at the time of my death?**

This becomes especially tricky if the loan has been morphed into a “gift” by the child who originally promised to pay it back — whether because he can’t or he won’t.

*How to talk about it:* You might be willing to forget about repayment, but the other children might not be as forgiving. So you might try to collect the loan before you die and make the problem disappear. If that’s not possible and if you are financially able to do so now, you might make an announcement that you’re canceling the debt and giving each of the other children a like amount. If you’re not in a position to do this while you’re alive, you might consider an unequal distribution of your estate after your death that would reflect the indebtedness. In any case, you need to have this discussion with your children.

• **Should I consider, as part of one daughter’s inheritance, the $75,000 down payment we provided for her first house, and leave an additional $75,000 in my will to my other daughter?**

It’s tempting to do this, especially when both daughters are aware of the gift. But because of inflation and appreciation, the $75,000 down payment given many years ago might be worth $200,000 now.

*How to talk about it:* Explain that you want to be fair and don’t want to leave your children resentful over large lifetime gifts one has received. Again, gauge their reactions. If you sense hostility, run some solutions by them. You could determine how much the gift has appreciated in value and leave a like amount to your other child. Or you could give money to the child who didn’t get the $75,000, so he or she could take out an insurance policy on your life for the appreciated amount of the gifts. Explore options with your estate attorney and your financial professional.
A Postcard Collection Can Split a Family Apart

Often the distribution of things with sentimental meaning — like a postcard collection, wedding dress, silver goblet or grandmother’s curio cabinet — sparks serious arguments among children after a parent’s death. The distribution of these personal belongings can often be more challenging than the distribution of major assets.

It’s almost impossible to divide personal property equally, because children have different emotional attachments to different items. But there’s no doubt that these personal items often have a powerful effect on heirs. They help preserve memories, family history or family rituals. Often they play an important part in helping people through the grieving process and saying goodbye after death.

To ensure that each child ends up with the objects that most meaningfully connect him or her to you or to their history, it’s essential for family members to talk about who wants what. Then you can formalize property distributions either in a will or as a separate personal-property list that’s referenced in the will. Some people also draw up side letters, tag objects with labels indicating who gets what, or make videos that further explain their intentions. Others give things to children during their lifetime (assuming that the gift doesn’t hurt their lifestyle) because they “get a kick out of” seeing these items being enjoyed by people they love.

If two or more children want the same item, you might consider asking them to come up with a plan for it. Following are some options for resolving conflict:

- **Rotating ownership.** If more than one heir wants the same painting, they might agree to alternating ownership every five years.
- **Choosing two for one.** One of the children might select two “second-place” items in lieu of the first choice.

### Estate talk: What’s essential to share

Any time you’re doing something unusual in estate planning, it’s important to talk with your heirs about the reasons behind your actions. Here are key reasons to have those discussions:

- When you’re leaving children unequal amounts
- When you’re leaving one child with money in trust and not another
- When you’re deciding to leave the bulk of your estate to your spouse (not your children’s parent) and not to your children
- When you’re going to leave your business to one or some of the children, but not to all of them
- When you’re disinheriting a child
- When you’re choosing one child as an executor and not another (or all of them jointly)
- When you’re leaving some/all your money to charity or someone outside the family
• Having a sentimental “family auction”. Thanks to the Internet and the various communication tools and programs that allow pictures to be displayed and virtual meetings to be held, even if your children live far from one another they can be part of an auction. Here’s how it works. Each potential heir receives, say, 10,000 “virtual points” to spend on disputed sentimental items. Then the children bid for the items they want. They can spend all 10,000 points on one object if they feel strongly about it, or they can divide the points and bid on a number of items.

• Taking turns. Using a random method to determine the order, heirs take turns picking out the items they want.

**When talking is too difficult**

Some people just find it too hard to talk about their estates with their children. If that’s your predicament, consider other communication options:

**Write them a letter explaining what you did and why.** The letter, sent to them while you’re still alive, would explain why you’ve done something unusual with your estate, such as leaving a substantial portion of it to a charity or distributing property unevenly among heirs. The letter itself might spark conversation, or it might just be enough of an explanation to quell fears or uncertainty.

**Include an ethical will with your legal will.** An ethical will is something like a love letter to your children that tries to sum up what you’ve learned in life and to explain what you want for and expect from them after you die. It can take any form you’re comfortable with — an essay, a letter, an audio tape or a DVD. And it might be used to explain why you did what you did with your estate. Keep in mind, though, that as valuable as it is to pass on to descendants the wisdom and values you’ve acquired over the years, it doesn’t give your heirs an opportunity to ask estate questions.
Chapter 2
Talking to Adult Children About Their Finances

As most people know, approaching grown children as a concerned parent and offering advice that comes from your own, sometimes painful, financial mistakes is a thankless task. They’re likely to cringe at this inoculation of wisdom.

Adult children often don’t like to tell their parents about their financial difficulties, because they fear lectures or expressions of disapproval. Unless there’s a real need to discuss their finances (because they’ve asked for your financial help or because they’re unable to get a mortgage because of a credit problem, for example), it’s best to let them open the discussion — even though not saying anything is about the hardest thing a parent can do.

But suppose you’re asked a question or you feel you must step in. How can a parent mentor without meddling in the “post-parenting” stage of their adult children’s lives?

Tips to Make the Conversation Non-Confrontational

How much you say and how directly you say it depends on many factors, of course. One is whether the child is still dependent on you for financial support. Another is the relationship you’ve established with the adult child. Some children have very mature relationships with their parents. They willingly ask for advice, throw it into the mix of other information they’ve amassed, and then make their own decisions. They don’t get angry when guidance is offered, even though they may not have asked for it.

Still, you need to tread lightly. Here are some ways of doing that:

*Be clear about what a grown child is asking for when he or she begins talking about money concerns.* Sometimes the child just needs a sounding board, someone to complain to. So listen carefully. If you are going to comment, it’s best to ask something like, “What, if anything, can I do to help?” or “I’ve been in a similar situation, would you like to hear about it?” You should get their permission before launching into advice on what you did under similar circumstances.

Try questions instead of answers. If the art of teaching consists of assisting discovery, then you can teach most effectively by asking the right questions. Insightful questions allow your adult child to think through a problem, play with possible alternatives and come to his or her own conclusions. (Figuring something out yourself is far better than having someone else figure it out for you.)

If an adult child is baffled about whether to take out a fixed-rate or adjustable-rate mortgage (ARM) on a first home, for instance, you could stimulate learning and further investigation simply by asking questions:

- How long do you plan to own the home?
- Is there a cap on the ARM?
- Can you convert the ARM to a fixed rate, and is there a fee for doing so?

Whether or not the questions prompt a brainstorming session with you or a financial professional, the child has at least been provided with some good questions, whose answers will help him or her make a sensible decision.
Plant the seeds of ideas. Outright suggestions may be taken as subtle criticisms, even if that’s not how they’re intended, so sometimes “planting” ideas can be the best strategy. You might just mention something interesting, such as, “I heard about a young couple who decided they wanted to pay off their new house quickly, so they took a 15-year mortgage and saved on the interest.” But don’t “over-water” the seed with a follow-up, like, “Why don’t you do that?”

Lay the first stone on the path to saving. Many young adults are oblivious to what will happen 10 or 20 years from now, so the notion of putting some of their paltry earnings into savings or investing seems absurd. Others are often paralyzed by their anxiety over money.

For those who are doubtful of ever achieving the success you’ve had or are so bleak about their future that they develop a “why bother?” attitude about saving and investing, consider suggesting that they speak to your financial professional, who can show them ways to invest a small amount of money each month. If you want, you can even help jump-start their confidence with an “unofficial retirement plan,” where they put whatever money they can into a savings or investment account and you match their contributions. (Keep in mind, though, that the accounts are in their names and that they make the final investment decisions.)

Don’t be judgmental. It’s easy to compare your style, values and approaches with theirs. But they are not you, and their world is not the world you lived in when you were their ages. Each generation has its own priorities.

Admit your mistakes. Everyone has made them. Opening up to some of yours removes the cloak of financial genius from your shoulders and humanizes you — inviting an adult child to be more receptive to further conversation. Simply telling the stories of your financial missteps — without referring to theirs — is a way of teaching. Trade information and ideas as contemporaries. If discussions about finances occur naturally in the context of a conversation, it doesn’t feel so much like parenting. For example, if your adult daughter expresses an interest in investing in socially conscious investments, sending her material that you received on the subject is helpful. Or if you belong to an investment club that’s investigating a certain stock, you can easily share that information.

Sharing information as contemporaries also means admitting that your children might teach you a thing or two. Perhaps they know about a cuttingedge technology company that you had dismissed out of hand because you knew nothing about it. Asking for their input serves many purposes, not the least of which is to indicate that you recognize and respect their knowledge (whether or not you take their advice).

Don’t over-question. Don’t press issues, even if you know your adult child is keeping something from you. The child might not be eager to share with you that she recently spent hundreds of dollars on shoes or thousands on a healthclub membership even though her credit cards are maxed out. Some things are better left unsaid.
**Ideas for Mentoring Without Meddling**

Don’t rush in to solve their financial problems. It’s easy to lend or give money to adult children, especially if you’re in a financial position to help them. But think twice about doing this. Parenting implies helping children develop the skills and courage to be independent; being there to meet all their financial concerns only stunts that goal, and repeatedly bailing them out continues a feeling of dependency, which can lead to resentment on both sides.

*Recognize the difference between crises and run-of-the-mill financial jams.* There are times when parents who are in a financial position to help out adult children will want to. If a child needs emergency medical treatment or is left homeless after a divorce, helping out is crisis intervention, not manipulation. It’s what family members do for one another. If, at some later date, the adult child is able to pay the money back and offers it to you, you decide whether or not to accept it.

*Teach by example.* Sometimes the best way to mentor is to say nothing at all, but to act in ways that the child might learn from. For example, mentioning that you will meet him for lunch after you stop by human resources to increase the amount you’re contributing to your 401(k) might prompt him to do the same. Or telling her that you’re going to a seminar on bond investing might prompt her to learn more about the financial markets. Teaching by example is as powerful as it is subtle.

*Suggest professional you respect whom they might talk to.* Because you have had more experience with advisors than your adult children, you probably have sifted out those who have been less-than-helpful or knowledgeable and only deal with those whose opinions and advice you trust. Referrals for professional assistance can be as valuable as direct advice — perhaps more so. It’s often easier for adult children to talk to a professional about their finances than it is to talk with their parents.
Here’s the scenario: An adult child asks you for a loan or gift of a substantial amount of money. Should you provide it?

Keep in mind that just because you can afford to say “yes” doesn’t mean you should or have to. So consider turning down the request when ...

- **You don’t think it’s a wise investment.** If you’re asked to participate in a child’s business venture, for example, you have the right — actually, the responsibility — to check it out thoroughly. That means having access to all financial information and business plans. If that’s not available, if your adult child is uncomfortable with your scrutiny, or if you deem it an unworthy venture, say “no.”

- **You are unsure about your own financial future.** Perhaps you have the money right now, but you are anxious about the possibility of needing additional funds in the future, say, because you have just been diagnosed with a serious condition that might prevent you from working full time. If you’re apprehensive about what the future holds, say “no.”

- **You haven’t had a real relationship with the child in years.** Giving a child money will not restore a damaged relationship. Talking about the underlying problems and trying to work them out is the only repair. Unless this is an emergency situation, say “no.”

- **The request for help is repetitive; something is wrong.** One-time help is understandable, but if you come to their aid regularly, you aren’t helping them become economically independent, so say “no.”

- **The adult child is trying to keep up an inflated lifestyle.** Sometimes adult children get caught up in trying to duplicate the lifestyle they grew up in or the lifestyle some of their more affluent friends are enjoying. They think they are entitled to it, whether or not they earn it. If you think that’s happening, say “no.”

- **The adult child isn’t committed to using his or her own money first.** You are not the first source of money. The adult child is. Unless she is putting some of her own money toward a down payment for a house, for example, say “no” to coming up with the whole sum.
Chapter 3
Talking With Elders About Their Finances

Role reversals are never easy. Children, whatever their age, are uncomfortable talking to their elders about money, especially when they are worried about whether their parents have enough. It’s a sticky subject for many reasons:

- You and your parents have to squarely face the fact that they are aging and might need assistance in caring for themselves.
- You and your parents have to confront their mortality.
- Your parents have to open up about money — a subject they may have considered private in the past.
- Your parents might consider your broaching of the subject as an intrusion into their lives, a foray into an inheritance investigation, or an erosion of their control over their own finances.

Why Financial Talk is Important

As we all know, life expectancy has increased significantly since our grandparents’ days. That means a person’s financial base has to be stretched over many more years. Even if the size of the assets in many people’s estates has grown dramatically, day-to-day expenses and the cost of medical care have risen steeply. For example, the 2008 MetLife Market Survey of Nursing Home and Home Care Costs indicated that the average annual cost for a semiprivate room in a nursing home was around $77,000. Even assisted living or home-based health care or assistance is expensive, with the average cost of an assisted-living facility in the high $30,000s and the average cost for a home health aide at $20 an hour. In certain areas, these costs could be considerably higher. It would be nice to think that all people have planned for their later years, but the reality is that many people haven’t. If your elder is/elders are not wealthy, that’s another reason to begin a discussion of finances. You and your parent(s) need to understand that one of the reasons to prepare for the future is that it enables your parent(s) to be as independent as possible for as long as possible.

Not only that, but should you need to step in and provide financial help in the years to come, you, too, will have to make provisions for how you’ll do it.

To Make the Discussion Easier

Talking to parents about their finances is awkward and requires thought — sometimes even rehearsal. Here are some ways to get started:

**Explain why you want to have the discussion.** Put the emphasis on “I.” “I want to make certain you’re going to be all right in the future.” “I want to make certain I put enough money away to help you live as comfortably as possible, if you should need it.”

**Let your elders know that you want to do the right thing for them as they age.** Ask them to buy into the idea, perhaps by simply asking, “Is it okay to have this discussion, say, next Tuesday night?”

**Start the conversation before a health or financial crisis arises.** Family crises seem to bring out the worst in people — especially in those who are already difficult or who have unresolved family issues. If you can hold these discussions when there’s a minimum of stress and when you’re not dealing with a crisis, such as a stroke or a serious fall, chances are the talks will be more productive.
Pick a quiet, private setting. Even though the next time you see your parents may be at Thanksgiving, such festive occasions are probably not the best time for a serious financial discussion. But if that’s the only time you can get together, wait a day or two until the celebrations are over to broach the subject. When you do, don’t be distracted by such things as ball games on television or little tykes who need frequent tending. Everyone involved should be attentive and focused.

Ask parents whom they want to include in the discussion. It’s one thing if you’re an only child with no other close relatives. But if you’re not, try to have other family members, like your siblings, there in person when you’re talking with your parents. And try to get together in person. If it’s not physically possible to be in the same room, set up a conference call. E-mail and instant messaging are not the best vehicles for initial discussions; they are isolating, slow and subject to misinterpretation.

Remember that you’re talking about their lives. Parents want to have control over their own destiny for as long as possible. Avoid anything that might make them think you want to wrest financial control from them, such as saying that it’s time that you sit in on the planning sessions they have with their financial professional.

Gather as much information as possible in advance. Before your formal conversations, informally find out more about your parents. Do you know their preferences for housing if they can no longer stay where they are now? Do you know whether they have advisors they trust and any contact information? Also learn as much as you can about the services and programs that are available to elderly people through federal, state and local governments and agencies. (Don’t be surprised if you find the systems fragmented and complex.)

Begin each discussion on a neutral note. Talk about an article you’ve read about living wills, for example, or a TV show you watched on aging-in-place communities. Letting them know that you’ve begun planning for your own retirement is also a good way to stimulate a dialogue on their future.

Express concerns; eliminate edicts. Most parents have a hard time taking advice from their kids — even if the “kid” is a corporate CEO. But if you share a concern and offer options rather than solutions, your parent might be more willing to hear your thoughts.

Be open to all opinions, ideas and suggestions. Parents are always upset when they see their children fight. Even if you’re the one your parent relies on, listen carefully and respect the input your siblings are providing. Encourage everyone to talk so that no one can later complain that he or she wasn’t heard. Agree to disagree. You don’t have to be disagreeable if you aren’t in sync with what your elder or sibling is suggesting. To keep family talks from erupting into major battles, rely on common courtesy and civility. Often people get angry when they’re really being defensive or are in denial. Pressing them doesn’t help. If things get too hot, suggest a break. Realize that no matter how strongly you feel about something, you might have to compromise.

Be patient with your elders. It’s difficult to make the transition from being in complete control of your finances to sharing the information and control with others (especially your children). Don’t be surprised if they swing back and forth from acceptance of this new life position to balking about what they consider interference.

Emphasize the benefits of planning. Your parents may not have focused on how their plans — everything from living arrangements to health directives and asset transfers — may affect their children and grandchildren.

Be a resource. Your financial professional may be just the person to help your parents think through their money issues. You could also gather up the contact numbers of organizations that could help. (See the “More Help” section on page 35.) People, even parents, appreciate a good lead or referral. Talking about their financial situation with professionals, rather than loved ones, often takes the emotion and defensiveness out of the discussions, which are therefore more productive.
**Sum up and follow up on your initial meeting.** Don’t leave the meeting until you’ve summed up what was decided, what was left to decide, who’s going to do what, and the time for the next meeting (if needed). You might ask, “Is there anything I can do to help you with your finances now that would make it easier for you?” Or, “How do you think we should proceed from here?” Keep in mind that the initial discussion is the hardest, but it opens the door to another — and that’s a good thing.

**What to Talk About**

Once everyone has acknowledged that talking about finances is important for the entire family, what topics should you cover?

In general, you need to know what resources the older adults have available for their own needs, so that if you have to contribute to their well-being, you can plan for it. You also need to have an idea of how they are transferring assets to your generation, so that you can do your own financial planning. Here’s a list of specific topics to explore:

**Health issues as they relate to finances**

- What health insurance do they have and is it adequate?
- Who should make health care decisions for them in the event that they can’t?
- What plans have they made should they need long-term health care at home or at a facility?
  - Living arrangements
- Where do they see themselves living for the next 5 to 10 years?
- If they need living assistance, what form do they think it will take (living at home with help, living in an assisted-living facility, living with you or another loved one, etc.)?

**Income and investments**

- Is their income adequate? Are they worried about outliving their money?
- Are they comfortable with their investments, rates of return, allocation, etc.?
- Are they comfortable with their financial professionals?
- Are their three most important documents (power of attorney, living will and health care proxy) in order?
- Does someone they trust have a list of where their important papers are?
- Are these documents in a safe and accessible place so that you or someone else can get them quickly in an emergency?
- Is there another person listed as an “additional authorized signature” on a checking account?
- Does someone they trust have a complete list of emergency contacts — doctors, financial professionals, attorneys, close friends, pharmacy and so on?
- Does someone they trust have a set of keys to their home, car and safe deposit box?

**Other issues**

- How have they handled their estate?
- Is there anything else about their finances that they’re worried about?
Planning Your Own Finances

If you think you might be called on one day to provide financial help to your elders, you will want to meet with your financial professional to discuss the best way to structure your finances so that you are able to provide help without jeopardizing your own financial future.

Financial Signs That Elders Need Immediate Help

It’s possible that your elders will not share their financial worries with you, or they may not even realize they have any. While you don’t want to interfere with managing an elder’s finances unless it’s necessary, you should be on the alert for some warning signs that would require you to intervene:

- **Seeing bills or undeposited checks lying around.** It may mean that a person has a diminished ability to handle numbers or understand that checks need to go into the bank and bills need to be paid. Or it may be that he or she is physically unable to do these tasks.

- **Noticing that checks or credit-card charges are made out to unfamiliar, out-of-state companies or suspicious charities.** Elderly people are particularly vulnerable to financial scams. (Interestingly, studies indicate that fraud victims tend to be more financially literate than non-victims because they think they can control the situation.) Scam artists pay attention to lonely people, especially those who live by themselves with no one around to voice skepticism to about the telemarketing phone call or Internet solicitation. These people may be lured into believing their money is in good hands or being used for a good cause.

- **Seeing bounced checks or realizing that bills cannot be paid.** This may mean that the elder is losing money to scams, buying worthless items, gambling or being “taken” by a sleazy outfit. It may also mean that the elder has run out of money and is embarrassed to share that information with you.

- **Seeing a large unpaid balance on a credit card.** This may signal that the elder doesn’t have enough day-to-day income to cover bills and is using debt to get by.

If you spot any of these warning signs, talk to your parent immediately. Suggest practical ways to help remedy the problem:

- “I will set up an appointment with a financial professional for you so we can straighten this out.”
- “I’ll check on this home repair company’s background for you.”
- “Let’s go over your budget or bank statements together.”
- “I’ll set up a system of bill-paying online and come over every other week to handle it.”
When Financial Help is Needed Right Away

The best way to help parents with financial problems is to anticipate them. If you didn’t know until just recently, however, that trouble was brewing and you don’t have the immediate funds to help, what are some options to consider right away that won’t jeopardize your own future security?

**Tap into their home equity.** There are a number of possible scenarios that generate immediate funds.

Although reverse mortgages increase mortgage debt, they let borrowers tap the equity in their homes. That could be an advantage if most of the parents’ assets are tied up in the home. A reverse mortgage could let them live in the place they love while enjoying the comforts that appreciation in its value can provide.¹

Another option is a sale-leaseback arrangement, with either you or one of your siblings buying your parents’ house and renting it back to them. This allows them to live in the house and provides them with a financial cushion.

Still another scenario is to help them sell their home and use the money from the sale to buy less expensive housing where upkeep and monthly expenditures are minimal.

**Identify free or subsidized services.** If a parent has a medical condition that has depleted his or her funds, you can get help through Medicaid, which pays for nursing-home care for people who have just about run out of money.

Be warned, though, that Medicaid is tough to decipher. The rules for qualifying and the procedures for getting onto Medicaid are complex and vary depending on the state. Geriatric case managers, nursing home administrators, geriatric social workers or other knowledgeable people can help. As you begin researching services, you’ll find that in many locations, public and private nonprofit agencies provide low-cost or free meals and free or low-cost assistance with chores and transportation.

**Negotiate with creditors.** If your parents can’t meet their credit card, hospital or other bills, try to reduce the debt by negotiating either for a partial payment or a more stretched-out payment schedule. Creditors are often willing to get some, rather than none, of the money owed them. Tap into your own funds. You could borrow money. Before you do, though, find out what the annual percentage rate is so that you know how much you are really paying for the money. Carefully weigh the need for financing against the risks involved, especially if you’re using your own home as collateral. You could also consider taking out a home-equity loan or getting a loan from your account (interest on which is generally tax-deductible).² Taking money from your own retirement account should be your last resort.

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¹ Reverse mortgages are typically not available to persons under the age of 62, and the proceeds are tax-free. This is a strategy that should not be considered by people who only plan to live in their home for a short time, as the benefit may not be worth the initial cost (for origination costs and other closing costs). The amount owed on a reverse mortgage generally grows over time, and interest is charged on the outstanding balance, meaning your total debt increases over time as loan funds are advanced to you and interest accrues on the loan. Because you have title to your home, you still remain responsible for property taxes, insurance, utilities, fuel, maintenance and other expenses.

² Lending and other banking services available through the Lending & Banking Services Group of Wells Fargo Advisors (NMLS UI 2234) are offered by bank and non-bank affiliates of Wells Fargo & Company, including, but not limited to, Wells Fargo Bank, N.A. (NMLS ID 399801.) (Wells Fargo Home Mortgage and Wells Fargo Home Equity Group are divisions of Wells Fargo Bank, N.A.); and Wells Fargo Equipment Finance, Inc. All loans and lines of credit are subject to credit approval, verification and collateral evaluation. Products are not available in all states. Certain restrictions apply. Programs, rates, terms and conditions are subject to change without advance notice. Licensed by New Hampshire banking department. Financial Advisor NMLS ID, if applicable: ____________________.
**Special Situations: When you Have to Step In**

Though no one likes the prospect, there may come a time when you have to take charge of your parents’ or your elders’ finances. This happens most frequently when one of the following occurs:

- A person has some sort of cognitive impairment, such as memory loss, dementia or Alzheimer’s disease
- A person is suffering from a disabling physical condition
- After a spouse dies, the remaining partner is distraught or not immediately able to function normally

**Your Responsibilities During These Times**

There’s a tremendous amount of emotional turmoil during any of these situations, and that only adds to the difficulty of the tasks you need to take over. Here are a few ways to mitigate the tension:

- **Keep your elder’s health and safety in mind at all times.** That’s your primary responsibility now.
- **Be vigilant in reviewing all the information in their accounts.** Daunting as it is, that’s your new responsibility.
- **Give your elder as much control as possible.** If a person has a physical ailment that prevents him from writing out checks, for example, he might still be able to make investment decisions.
- **Keep your elder and your siblings informed of what you’re doing.** You don’t need to share every little detail, but open communication about the big things is essential.
- **Keep your elder’s money separate from your own.** If you’re handling the elder’s finances, it’s easy, and often more convenient, to mix it with yours. But resist the temptation. Combining funds can lead to all sorts of complications, including the appearance that you’re taking something that doesn’t belong to you.
- **Hire a daily money manager if you or another relative isn’t able or willing to act in that capacity.** This person will organize and keep track of financial and medical insurance records, establish a workable budget, help with check writing and checkbook planning, and serve as a representative payee or fiduciary.
- **What this professional won’t and shouldn’t do is provide financial planning or counsel on investments.**
- **Don’t overstep your boundaries.** Don’t, for example, give $5,000 as a wedding gift to an elder’s granddaughter because she’s your daughter, unless your elder has given $5,000 to all her grandchildren when they marry.

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**Being a resource for elders**

- Investigate any government programs (veterans’ benefits, state subsidies and the like) that they might be eligible for. (See the “More Help” chapter.)
- Learn more about Medicare, Medicare’s drug prescription plan and supplemental health insurance, so you know what each covers and what is left for the individual to pay.
- Learn about the home modifications that might be useful for them in the future if they plan to stay in their home. Check out the costs.
- Investigate other living arrangements, such as senior developments or assisted-living communities, so that if they’re thinking of moving, you are familiar with options.
- Pass along any financial, housing or health-related information you think might be of interest to them as they prepare for the future. That includes any pertinent literature you receive or a heads-up when a valuable TV program is airing or a Web site you stumbled on might be meaningful to them.
As wonderful as it is to have siblings to help if you have to care for aging relatives, it can also stir lots of hostility, recriminations and guilt — especially if the relationship you’ve had before has been less than loving and cooperative. Here are some hints to maintain as friendly a relationship as possible.

**Honestly evaluate how much each of you can and is willing to do. Be realistic.** No matter how hard you might try, the division of labor will definitely not be even. It probably will not even be fair. Some family members have valuable skills to offer; others don’t. Some are in excellent physical health, others aren’t. Some have multiple additional responsibilities and little available time; others are footloose and fancy-free. Some live nearby; others far away. Some are (and always have been) especially close to the parent; others aren’t.

But that doesn’t mean each can’t contribute something. One of you can spell the primary caregiver by bringing your mother to his or her home once a month. One can investigate assisted-living facilities, interview geriatric care managers or find a reliable home health attendant. One might be able to handle financial matters or pay for a home health aide. One can chauffeur the parent to doctors’ offices or relatives’ homes. There are lots of chores that can be split from the primary day-to-day responsibilities.

**Don’t be critical of what the primary caregiver is doing (unless it’s illegal or immoral).** Nothing can stir more resentment in the primary caregiver than having a sibling swoop in and start criticizing what he or she has been doing. The best thing for secondary caregivers to do is ask what can be done to take some of the responsibilities off the shoulders of the adult child who has had primary responsibility.

**Communicate honestly and frequently.** If the adult child who’s providing most of the care is overwhelmed, he or she needs to say so and ask for help. It’s also important for her to keep her siblings up-to-date on any deteriorating physical health or loss of cognitive functions that the elder is experiencing. The other siblings have a responsibility to communicate too. If, for example, one has an emergency in his or her own family, such as a child’s illness, which makes it impossible to scout out nursing homes as promised, that needs to be explained to siblings — along with an offer to do something to help them out once the immediate crisis has passed.

What happens, though, if you, the primary caregiver, find that all your best efforts to get siblings involved fail? Or that dealing with your brother or sister is so distasteful and the problems so horrendous that it’s no longer worth the effort to try? You may have to go it alone and find other support in your parents’ siblings, neighbors, other relatives or local agencies.
An Elder’s Directives . . . or a Court-Appointed Guardian

Your parents need to do exactly what you’ve done for your children — have a durable power of attorney for their finances and a durable power of attorney for health care that would authorize you or another individual to make decisions on their behalf (see page 37).

Most couples will designate their partner as power of attorney. But every person needs a backup agent in case the other partner dies or becomes incapacitated. A general power of attorney is fine, if it provides you with enough authority to manage all of your parent’s financial affairs. Some institutions require their own power of attorney document because the general one lacks specific instructions. You need to check with all the financial institutions that your parents deal with to find out how they handle this.

If there has been no advance planning before your elder reaches the stage where he or she can no longer handle his or her financial affairs, you might have to go into court and ask that the court appoint you (or someone else) to act in this capacity.

No task is more time-consuming or wrenching than going to court because an elder is incompetent to handle his or her affairs. The procedure is awful for you if you’re trying to get yourself so named (you’ll be required to prove that you aren’t trying to steal your parents’ money) and for your parent (who might have to be in court to hear all this). That’s why the advance directives are so essential.

If your parents live with you or you support them

- **Create a caregiving budget.** Parents will often have enough resources to contribute to your additional monthly expenses, especially if they’ve sold their home. If that’s not the case and your siblings can afford a monthly stipend, they, too, should be asked to contribute.

- **Get help when needed.** You might need an additional caregiver or someone to provide transportation to shopping or doctors or the like. Make sure that’s included in your budget.

- **Arrange direct deposit for their regular income streams.** Social Security, 401(k) payments, pensions and the like should be deposited directly into your parents’ accounts, so you (or they) have fewer banking chores.

- **Check into tax breaks for yourself.** You may be eligible for certain tax breaks, such as claiming a parent as a dependent, if you’re supporting him or her or even sharing the support with a sibling. The dependent qualifications have to do with your parent’s income (exclusive of Social Security) and the percentage of support you’re providing for the elder’s necessities. (Even if you can’t claim your parent as a dependent, you may be eligible for a tax break when you’re helping pay for medical costs, which might include payments to a nursing home or a portion of an assisted-living facility’s charge.) Keep a record of your expenditures and let your tax advisor know about them.
Your Financial Professional

Your financial professional can be of great help to you before, during or after your financial conversations with your loved ones.

As you are planning your own future, you can expect him or her to . . .

• Help you develop a retirement plan
• Stay in sync with you as you near retirement age
• Work with your other advisors, such as your estate attorney or your accountant

When you’re talking with your adult children about your own finances or estate plans or their financial issues, you can call on your financial professional to . . .

• Suggest ways to broach the subject as unemotionally as possible
• Meet with adult children to discuss any financial issue — from debt reduction to investing
• Serve as a facilitator for financial discussions between the generations
• Work with your other advisors

When you’re talking with elders about their finances, your financial professional can . . .

• Provide you with financial information, suggestions and expertise for you or your elders
• Meet with you and your elder to review his or her portfolio and determine whether the allocation of funds matches current needs and offers future protection
• Ask your elder questions that you might be uncomfortable asking, such as, “Are you worried that you’ll have to depend on your children for financial support in years to come?”
• Serve as a facilitator for financial discussions
• Help you consolidate holdings and streamline the responsibilities of managing your elders’ funds if you are / their daily money manager or financial guardian
• Help develop an investment strategy to meet the elders’ cash-flow needs
• Help you develop an investment plan to put money away for your parents’ benefit should they need it in later years
• Discuss options for providing financial assistance to parents immediately, should they need it
Informative and Supportive Web Sites

For all Social Security and Medicare information. – SSA.gov has a plethora of wonderful information, including sections on calculating retirement benefits, how to apply for benefits, what to do when a spouse dies or there’s a disability, and much more. Good for either your elders or yourself. See also Medicare.gov.

For health-related information. – RWJF.org (the Robert Wood Johnson Foundation) focuses on health. Click on Long-Term Care and its related topics (such as assisted-living facilities, family caregiving or independent living), read about the results of the grants they’ve given out, and get a general idea of the possibilities concerning health care for the elderly. To determine benefits eligibility. – BenefitsCheckUp.org helps you find out what federal, state, local and private assistance programs your elders might be eligible for and how to apply for benefits.

For veterans’ benefits. – VA.gov or 800-827-1000 will help you find out what benefits a veteran is eligible for.

For AARP materials. – AARP.org/families provides information on caregiving, housing for seniors, legal issues, driver safety, home health care workers and much more.

To find services for your elders in their hometown. – ElderCare.gov or 800-677-1116 will provide you with information and contact numbers for helpful agencies in your parents’ county or state.

When caring for an elder from a distance. – CFAD.org offers a wealth of information for people who don’t live close to the folks for whom they are either primary or secondary caregivers. For those who have unique issues and need specialized referrals, they have a fee-for-service helpline.

For caregiving resources. – Caregiver.org has a database of publicly funded caregiving resources in every state.

To find a geriatric care manager. – CareManager.org is the National Association of Professional Geriatric Care Managers’ site that helps you search for a care manager in your elder’s area.

For daily money managers. – AADMM.com or 877-326-5991 can provide you with a list of referrals for people who will handle the daily chores surrounding your elders’ finances. Keep in mind, though, that there is no certification program yet for these advisors.

For an elder law attorney. – NAELA.org or 703-942-5711 (the National Academy of Elder Law Attorneys) provides a list of accredited attorneys in your area who specialize in estate planning, Medicare and other issues of concern to people over age 50.

For information on reverse mortgages. – HUD.gov or 800-569-4287 (its Housing Counseling Line) provides all the details and has an information specialist to answer questions.

For help in dividing heirlooms. – http://yellowpieplate.umn.edu is a University of Minnesota site with hints about how families can hold productive discussions when dividing up heirlooms and things of sentimental value.

To hold “virtual” family meetings. – WebEx.com is an online communication company that can be used to hold a “virtual auction” among heirs (or potential heirs) to determine who gets which heirlooms and other items of sentimental value.

Please note that we are not responsible for the information contained on the listed Web sites. The sites are provided to you for informational purposes only.

You can also visit familyfinancialtalk.com for tips on guiding the conversation.
**Good Reads**

Baines, Barry K. “Ethical Wills.” DeCapo Press, 2006

- Why, when and how to write an ethical will.


- What you need to know and do when you’re the daily manager of an elder’s money.


- An A-to-Z encyclopedia of the key issues in caregiving.


- How to have conversations about their money, property, house, professional care and other difficult subjects.

The opinions expressed in these publications are those of the authors and are not necessarily those of our firm or its affiliates.
Your Financial Information

A checklist that can be used for planning or emergencies

<table>
<thead>
<tr>
<th>Name</th>
<th>Social Security number</th>
<th>Birth date</th>
<th>Location of birth certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Husband</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wife</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other beneficiaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial professional</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attorney</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address</th>
<th>Address</th>
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<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>Phone</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accountant</th>
<th>Insurance agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Address</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>Phone</td>
</tr>
</tbody>
</table>

Prepared/Updated ____________________
Do you Have:

<table>
<thead>
<tr>
<th>Current and dated</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will</td>
<td><em><strong>/</strong></em>/___</td>
</tr>
<tr>
<td>Durable power of attorney</td>
<td><em><strong>/</strong></em>/___</td>
</tr>
<tr>
<td>Health care directive</td>
<td><em><strong>/</strong></em>/___</td>
</tr>
<tr>
<td>Living will</td>
<td><em><strong>/</strong></em>/___</td>
</tr>
<tr>
<td>Revocable living trust</td>
<td><em><strong>/</strong></em>/___</td>
</tr>
</tbody>
</table>

Personal representative/executor

Location of tax returns

Location of safe deposit box (Institution) ________ Address ________________________________

Names of those authorized to open safe deposit box ________________________________

Location of keys

Contents (stock certificates, EE bonds, bearer bonds, etc.) ________________________________

Location of appraisal and inventory of personal property (including collectibles) [List] [Photos] [Video]

Funeral and burial arrangements ________________________________

Incapacity/Disability

Name of guardian/trustee in the event of your incapacity ________________________________

What disability policies do you own? ________________________________

What long-term care policies do you own? ________________________________

Investment/Bank Accounts

<table>
<thead>
<tr>
<th>Bank/Institution</th>
<th>Bank/Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>How account is titled</td>
<td>How account is titled</td>
</tr>
<tr>
<td>Account number</td>
<td>Account number</td>
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<tr>
<td>Type of account</td>
<td>Type of account</td>
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<tr>
<td>Type of account</td>
<td>Type of account</td>
</tr>
</tbody>
</table>
### Trust Accounts

<table>
<thead>
<tr>
<th>Institution</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of trust</td>
<td>Tax ID number</td>
</tr>
<tr>
<td>Current trustee</td>
<td>Successor trustee</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td></td>
</tr>
</tbody>
</table>

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<td>Successor trustee</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td></td>
</tr>
</tbody>
</table>

Have you reviewed your trust(s) recently?  
☐ Yes  ☐ No

### Gift Information

Are you a custodian of uniform gift/transfer to a minor’s accounts?  
☐ Yes  ☐ No

(If so, and you are the donor, these may be included in your estate for tax purposes.)

Have you filed any gift tax returns?  
Year  Gift amount $  

Are you taking full advantage of annual exclusion gifts?  
☐ Yes  ☐ No

### Securities

<table>
<thead>
<tr>
<th>Brokerage firm</th>
<th>Brokerage firm</th>
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<tbody>
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<td>How account is titled</td>
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<td>Type of account</td>
<td>Type of account</td>
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</table>
### IRAs/Retirement Plans

<table>
<thead>
<tr>
<th>Type:</th>
<th>Traditional IRA</th>
<th>Roth IRA</th>
<th>Qualified plan</th>
<th>403(b)</th>
</tr>
</thead>
</table>

**Participant**

Name of company (i.e., brokerage firm, bank, mutual fund)

**Address**

Account number ____________________ Approximate value $ _________________ Date _________________

**Primary beneficiaries**

**Contingent beneficiaries**

<table>
<thead>
<tr>
<th>Type:</th>
<th>Traditional IRA</th>
<th>Roth IRA</th>
<th>Qualified plan</th>
<th>403(b)</th>
</tr>
</thead>
</table>

**Participant**

Name of company (i.e., brokerage firm, bank, mutual fund)

**Address**

Account number ____________________ Approximate value $ _________________ Date _________________

**Primary beneficiaries**

**Contingent beneficiaries**

### Life Insurance Policies

<table>
<thead>
<tr>
<th>Owned by</th>
<th>Type of policy*</th>
<th>Issuer</th>
<th>Insured†</th>
<th>Beneficiary</th>
<th>Death benefit</th>
<th>Premium</th>
<th>Cash value</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>__________</td>
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</tbody>
</table>

*WL = Whole life; G = Group term; UL = Universal life; SPWL = Single-premium whole life; T = Term; SL = Survivorship life

†The owner is assumed to be the insured unless you note otherwise.

Have these policies been reviewed recently?  ☐ Yes  ☐ No

Do these policies meet your current needs?  ☐ Yes  ☐ No
### Annuities

<table>
<thead>
<tr>
<th>Owned by</th>
<th>Type of contact*</th>
<th>Issuer</th>
<th>Beneficiary</th>
<th>Death benefit</th>
<th>Cash value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed rate; V = Variable rate</td>
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</tbody>
</table>

### Real Estate/Personal Residence/Business Assets/Other (Collectibles, Jewelry, etc.)

Real estate/real-estate interests owned

Location of property

Lender ____________________________  
Lender's address ____________________________

Account number ____________________________  
Loan amount $ ____________________________

Payment amount $ ____________________________  
Date due ____________________________

Interest rate ____________________________  %  Maturity ____________________________

Real estate/real-estate interests owned

Location of property

Lender ____________________________  
Lender's address ____________________________

Account number ____________________________  
Loan amount $ ____________________________

Payment amount $ ____________________________  
Date due ____________________________

Interest rate ____________________________  %  Maturity ____________________________

### Estate Tax

What is your estimated estate tax liability? $ ____________________________

Have you planned for it?  
☐ Yes  ☐ No