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Time to Talk About Money With Aging Relatives

Assisting Baby Boomers with retirement matters.

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The Baby Boomer retirement years are upon us, and if you are a middle-aged adult with aging parents, there is no time like the present to initiate a heart-felt discussion with them about the status of their finances.

Broaching this subject may be difficult, but still, if life is to be approached honestly and successfully, it must be done. In fact, a national survey shows that 7 in 10 adults have trouble approaching family members to talk about financial decisions for their elderly relatives.

However, while the issue may be difficult to discuss, once it is on the table, 86 percent of those surveyed indicate they would trust a family member to make financial decisions in their place.

Nearly half of adults in their 40s and 50s have a parent aged 65 or older, and are either raising a young child or financially supporting a grown child aged 18 or older. Also, about 15 percent of middle-aged adults are providing financial support to both an aging parent and a child.

While there is an obvious need to take action for financial security, there often are family dynamics involved that could be obstacles to success, including defensiveness, denial, embarrassment and sibling rivalries. Still, considering that the financial health and well-being of the older generation is at stake, it is imperative for families to overcome these difficulties and proceed with a well thought out and properly executed financial plan.

Do the assets still focus on long- term growth or on current income? Are there shifts in the portfolio that are needed to better reflect the parents' needs? Do they still need the tax benefits afforded by municipal bonds, for example? In the quest for high yields, are they taking too many risks?

A good first step is to have a preliminary meeting with family members who have a direct involvement with their elders. This group would include those who most likely would be the family's "first responders" in case of a medical or financial emergency.

Of course, if an outsider is involved – an attorney, accountant or financial advisor – the parents must give clear permission for their participation.

Issues to discuss might include whether the parents can continue to live independently and for how long. Should adult day care be considered for parents who can move in with their offspring, or would assisted living arrangements be an option?

Selecting one person to be appointed with power of attorney is another early decision that must be made. Perhaps this requirement can best be met by asking the parent to select the person they would prefer to have directing their finances.

Once these preliminary details are finalized, a detailed financial plan should be organized accounting for all assets and all possibilities – including the unexpected. Last, it would be a good idea to review the parents' wills.

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