

Communicating with your Parents about Finances

Deborah Maes, Extension Educator, Family & Consumer Resources

Baby Boomers face several financial challenges. We worry about the financial situation of our parents, our children, our grandchildren and our own financial future.

Let's look at the issues with dealing with parents and their finances. Many adult children don't know much about their parents' financial situation. As a society we get uncomfortable talking about money, even with family. Here are some suggestions to consider before you start a conversation about money.

Check with your siblings to see if anyone has had a conversation about the topic. Think about what you already know about your parent's finances? Are they on a fixed income? Do they appear to have enough money to cover medical expenses? Do they want to stay in their own home? Have they completed a living will? Who has been designated to make financial decisions if one or both of them become incapacitated? Have they written a will and do you know where it is? These are just a few of the questions you should be asking yourself, and then your parents.

You may feel that you are being respectful by not talking about these issues with your parents, but consider the alternative. Many financial decisions are often made during a time of crisis, sometimes leading to family conflicts. Informed decisions are usually better decisions.

Just like any other planning, advanced financial planning can provide peace of mind for you and your parents, save money, provide more options and most importantly reduce family conflicts. Advanced planning allows for both parties to explore available options, and weigh the benefits and risks of each option.

Before you talk to your parents think about why you want to talk to your parents and what you hope to accomplish. If you have siblings, talk to them about their concerns. Before your conversation, consider creating a list of topics you want to cover during your conversation.

Also keep in mind your parents have their own point of view. None of us want to consider the end of life and your parents may have avoided any conversations because of this. Consider how your family generally likes to communicate. How do your parents make decisions? Do they need a lot of information and time or do they just go with their feelings? Your past history with your parents can help you determine some of these answers. Determine what approach you are going to use before you start the conversation, but be prepared to change your strategy based on how your parents react to the topic.

Bring the subject of your parents' finances up at a convenient time for all of you. If a family friend has passed on, this may be a natural opportunity to ask "Mom, what would have happened to Dad if that had been you?"

You might even mention to your parents that you have started to think about these issues as they related to your own situation with your own family. Maybe you and your parents can deal with these issues together and compare notes.

As you work through your discussion it may become obvious that your parents still want and need to retain some control of their finances. Together you can figure out who assumes the various financial roles. Your parents may want to continue paying their own bills, but you may assume the role of working

with their financial planner or banker. Don't expect everyone to agree on each issue. As long as your parents are mentally capable of making their own decisions, encourage them to do so.

Throughout the whole conversation, remember to treat your parents with respect. They raised you, they love you, and they probably don't want you to worry about them—even though you will.

Once you have finished your conversation (don't be surprised if you haven't finished your list of topics to cover) make some notes for your own benefit to keep track of who does what. If necessary, schedule another discussion following the same rules as the first talk. Keep your siblings informed about any major decisions that were made.

The more you can plan ahead and help your parents plan ahead, the better off everyone will be. You will know that your parents are well taken care of, and they can have peace of mind about what the future has in store for them.

The ideas for this article came from a series of newsletters developed by the University of California Cooperative Extension targeting adult children of aging parents. The topics range from finances, helping parents get organized, understanding long term care and avoiding financial fraud and abuse. All the newsletters are free for you to download from their website at <http://ucanr.org/financialcaregiving>.