



**“Getting a good idea of your parents’ assets and debts and their plans for the future can benefit you as well.”**

*compliments of:*



# Family First

## Talking To Your Parents About Finances

Your parents have probably been your single greatest influence, protecting you in your early life and guiding you through your formative years. They’ve worked hard to provide for you, and now that they’re retired, you want to help make sure they enjoy the secure, relaxing golden years they deserve. Chances are, if you’re not caring for an elderly parent now you may be soon. According to the AARP Public Policy Institute, more than 34 million people in the U.S. help care for a parent or an elderly friend or relative.

### Benefits of Responsible Preparation

It is well known that important decisions should not be made in the heat of the moment. But if you put off talking to your parents about their finances, there might come a time when you have no other choice. As your parents age, it becomes increasingly important that you understand their financial situation. In the event of a medical emergency, your knowledge of the family finances will enable you and your siblings to carry out your parents’ wishes and do what’s best for them.

Even if you haven’t discussed this possibility with your parents, it’s surely something that worries them and disturbs their peace of mind. Taking the possibly difficult step of discussing your parents’ financial situation and wishes is one way you can help your parents lead a more worry-free retirement. They can rest assured that their wishes will be carried out.

Getting a good idea of your parents’ assets and debts and their plans for the future can benefit you as well. As you build your life and work to fulfill your goals, it can be useful to determine whether or not you will need to support your parents financially in the future.

### An Awkward Duty

Parents can often be reluctant to talk about financial matters with their children because they fear that the conversation will end with the loss of control of their finances and independence. On the other hand, many adult children prefer not to discuss such issues because it would probably force them to acknowledge their parents’ mortality, and might lead to their taking on responsibility for their parents’ well-being. Adult children may also worry that bringing up money issues might make them appear to be greedy and selfish.

Money issues are often ranked as one of the most uncomfortable topics for parents to talk about with their children (and vice versa). Discussing them can spark memories of old, possibly unresolved conflicts, and both parties might avoid the subject for fear of “disturbing the peace.”

But, clearly, it’s important for families to find a way to overcome these obstacles.

### Taking It Easy

It’s a good idea to invite your siblings to take part in a discussion about your parents’ financial situation. They probably have many of the same concerns that you have, so why force your parents to have the same discussion multiple times? Besides, while having such a discussion is a serious matter, there’s no reason why it can’t also be an opportunity for you all to spend some time together.

Just bear in mind the main reason you’re all together. Often, family gatherings can turn into fun, rambling affairs—with the conversation meandering from subject to subject. One way to remain focused is to invite a professional to attend the meeting. A First Investors Financial Services Representative, an attorney, or an accountant can help steer the conversation back to the topic of your parents’ finances when things start veering off course. He or she can also answer questions that come up during the discussion.

### The Right Time

As in most financial matters, the best time to talk to your parents about their finances is as soon as possible.

In an ideal world, you and your family would have plenty of time to sit down and talk. But, in the real world, this is rarely the case.

It can be difficult to gauge whether or not your parents are having problems managing the day-to-day details of their budget. But even if you don't see your parents as often as you'd like, neighbors, doctors, and friends can be a valuable source of information. If those friends or acquaintances notice a significant increase in forgetfulness or signs of confusion, you'll want to talk to your parents about their financial situation without delay.

### **What To Talk About**

The more complete a picture you have of your parents' wishes and finances, the better. The important topics all fall under one of two categories: resources and goals.

#### *Resources: What Do Your Parents Have Available?*

Your parents' financial circumstances dictate the resources they have to work with in order to carry out their wishes. To that end, you'll want to get a comprehensive picture of their assets and liabilities. Assets may include liquid assets (cash, bank accounts, etc.), investments and real estate holdings. Liabilities may include ongoing living expenses, outstanding loans, mortgages and credit card debt. Don't forget to ask about the existence of any safety deposit boxes; these can often be overlooked by families talking about fiscal issues.

Another subject to talk about is insurance coverage. With health care costs rising, it's important to prepare for the possibility of huge expenses to pay for short- and long-term medical care, as well as other related costs such as prescription medicines. Proper life insurance coverage will also greatly affect the lifestyle of a surviving parent.

While the purpose of this discussion is to prepare for the future, a professional such as a financial services representative can also offer recommendations about whether your parents' portfolio is well suited for their needs. He or she can also suggest products that might help them better utilize their assets and smooth out their income flow. It's also important to work with a lawyer to make sure that your parents have a will that is complete and up-to-date.

#### *Goals: What Do Your Parents Want?*

While it's important for you to know the resources that will be available to carry out your parents' wishes,

this knowledge is of little use unless you also discuss what those wishes actually are. Your parents may already have a team of professionals in place that they trust to help them carry out their wishes, including doctors, lawyers and accountants. You and this team will be working together, so it's a good idea to make sure you know each other.

As your parents age, decisions will need to be made about what kind of medical care they receive, including long-term care. Technological advances have given families many more choices and made debates about quality of life—and the use of extreme measures to prolong life—more relevant. While it is very important for parents to let their next-of-kin know about their wishes in these matters, a living will is essential for ensuring that those wishes are respected.

### **Compromise**

Sometimes the reluctance to share personal financial information is too strong to overcome. But compromise is possible.

The next best thing to having parents share necessary financial information with their children is to have them make it accessible and organized. Parents can either compile all the information into a file and make its location known to their children, or they can give their children a document that details where important information can be found. This compromise allows parents to maintain their privacy. At the same time, it gives adult children the ability to quickly get the information they need in case of emergency without forcing them to "meddle" in their parents' affairs. Or if your parents would prefer working with a third party, your First Investors Financial Services Representative can help them compile and organize this information.

### **Generational Growth**

Watching your parents enjoy their well-deserved retirement can be a satisfying experience, and your parents, in turn, are surely taking pride in the life you have built for yourself. But with these generational changes come new issues to confront and new responsibilities for both of you. It is important to face these challenges head on because doing so can contribute greatly to everybody's peace of mind. But your family doesn't have to go it alone—your First Investors Financial Services Representative is

ready to help. Call him or her today and take the next step of your life journey.

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