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-- Please add local contact information.

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Helping aging parents with money

MADISON [YOUR TOWN], Wis.—Managing our own money is a large part of independence at any age. As parents age, their adult children may need to become more involved in their lives and financial affairs. Conversations between adult children and their aging parents about money may be difficult, but avoiding the discussion can lead to significant problems later, says Karen Goebel, University of Wisconsin-Extension family and consumer economics specialist [or **alter the quote** and add YOUR NAME, TITLE, COUNTY].

The way you manage your financial affairs is probably different from your parents and talking about money brings out these differences. It may be hard to overcome the need to respect a parent's privacy and avoid conflict. Adult children may not want to seem controlling or too focused on inheritances, while parents may be guarding their independence or reluctant to consider their mortality. Some adult children may not feel they have the financial skills and knowledge needed to help their parents.

To avoid some of the emotional pitfalls involved in talking with parents about their finances, Goebel recommends a book called, "How to Care For Your Parents' Money While Caring for Your Parents," by Sharon Burns and Raymond Forgue. The book focuses on communication, managing parents' financial affairs and protecting parents from elder fraud.

"It's never too early to discuss money with your parents," Goebel says. "Not only will you be helping them prepare for their future, you'll also be preparing for your own."

Burns and Forgue suggest starting the conversation by using phrases such as, "It's important for me to understand your finances in case I need to step in and help in the future" or "What would be the best way for me to help you with your finances if something were to happen to you?"

How do you decide when to get involved in a parent's finances? There are signs to watch for, according to Burns and Forgue. If a parent complains often about not having enough money, respond by helping them keep a daily budget and monitor any large or unexpected expenses. If a parent is receiving late fees and second notices on household bills, respond by helping them handle the mail, review the bills, and put utilities in your name. If there are problems with a parent's checking account, missed payments, or increased credit card balances, respond by helping consolidate debt, monitor their accounts, cut up credit cards, and challenge unknown charges.

If a parent has an illness that includes memory loss, cognitive impairment or long term disability, gather their financial records, check their account statements, review the accounts, consult with their financial advisers and insurance agents, and ask about or supervise the drafting of documents such as a will, health care power of attorney and durable power of attorney for finances.

“After the death of a parent,” Goebel says, “discuss how the surviving parent will handle things alone. Then, help them update their financial documents and accounts.”

How do you decide who should manage a parent’s finances? Consider proximity, expertise and willingness, say Burns and Forgue. Ideally, it may require personal contact several times each week as well as an understanding of financial matters. Realize that accepting this responsibility can be emotional and time-consuming.

It’s important to respect personal boundaries as parents are asked to share details of their financial life with their children. Consider holding a family meeting to talk about everyone’s concerns. Schedule a time for this conversation and give the parent time to express their views. If talking is too difficult, have them write things down for later discussion.

“Try to avoid “you” statements,” Goebel says, which may come across as critical or blaming. They can stifle discussion and bring out defensiveness.”

Avoid telling parents what to do. Instead, ask questions such as “How would you like us to handle this?” “What can I do to help?” or “What would make things easier for you?”

The most important things to discuss are: the location of financial records and lock boxes; sharing a contact list of brokers, insurance agents and others; powers of attorney; estate planning; investments; and long-term care planning.

With your parent’s help or permission, review their checkbooks, bank statements and canceled checks. Be alert for: inappropriate or duplicate payments; multiple payments to credit card companies, home shopping networks, sweepstakes or other contests; unusually large donations, including charities; failure to record deposits, income or expenses; lost checkbooks or bank statements; numerous transfers between accounts; unusual payments to a person who is unknown to you. Finally, review their bills and correspondence, with an eye out for credit or past-due notices.

To learn more about family financial management, contact your county UW-Extension office [ADD LOCAL CONTACT INFORMATION].

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