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Managing Aging Parents' Finances: What to Know

Making financial decisions takes time, attention and energy at any age. In the case of elderly adults, it may become increasingly difficult to manage finances, particularly if their health is declining or they're experiencing a cognitive issue. If you're providing support to aging parents – or plan to in the future – here are some tips on how to handle the situation and prepare for what's to come:

Don't wait to start talking about money. While it may be uncomfortable to ask your parents to discuss their finances with you, it's essential that you are familiar with their intentions for future care and what plans they have in place. The first time you broach the subject, emphasize that you are looking for only a high-level overview so that you can have more peace-of-mind that your parents will be well cared for. This initial conversation can help set the groundwork for future discussions.

Create a contact list. If your parents experience a sudden change in their health that affects their ability to manage their own affairs, it's important to have a game plan for what happens next. If you anticipate stepping in to pay bills, make insurance claims and handle other financial tasks, start by asking your parents for a list of contact information for the professionals they work with and where their accounts are held. Keep in mind that you may need to be an authorized user or power of attorney to be allowed access to certain accounts. Consult a lawyer to talk through what permissions may be necessary for you to step in if the need arises.

Build a support network. Talk with siblings or other trusted family members about what a possible care plan could look like for your parents. While this conversation can be tough to initiate, know that it's often easier to bring everyone together while your parents are still healthy and in good mental capacity. Discuss who can realistically provide support – in what way and at what cost. Proactively deciding who can drive your parents to doctor appointments, manage financial affairs, care for their home and handle other tasks can help avoid a strain on your time and energy down the road.

Anticipate future lifestyle changes and challenges. Even if they aren't yet needed, explore the options and costs of various assisted living and memory care services. Check your parents' insurance policies to see if and how services might be covered. You may also want to explore whether their home or yours could be modified to provide additional space or comforts, such as wheelchair access. Knowing what choices exist and how your parents feel about each one can help you make future decisions with more confidence.

Know your rights at work. The Federal Family and Medical Leave Act of 1993 (FMLA) allows covered employees up to 12 weeks of unpaid leave to provide care for a family member with a serious health condition.¹ Consult your Human Resources department to learn what your company's policies are for employees who are caring for a parent and how to initiate a claim if you need to. Many employers have access to resources and support groups to help you manage your responsibilities at home and at work.

Maintain momentum on your own financial goals. It's understandable to want to provide your parents with as much support as you can. It's prudent to look at your finances to see how much support you could provide, if that is needed, without jeopardizing your own retirement and future health care needs.

It's hard to imagine – let alone talk about – what caring for an ill or aging parent may look like. For additional support in having family conversations, evaluating financial options and creating a plan for your parents, contact your financial advisor and lawyer. These experts work day-in and day-out with families in similar situations and can help you take the steps necessary to feel more confident about your own plan.

¹ – U.S. Department of Labor: The Family and Medical Leave Act of 1993 (<https://www.dol.gov/agencies/whd/laws-and-regulations/laws/fmla>)

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