

# Talking With Aging Parents About Finances

*V.L. Schmall and M.A. Goetting*

**A**t some point, many parents and adult children face the challenge of talking about the financial issues associated with chronic illness, disability, mental incapacity, or death. Rationally, we may know that the best way to minimize feelings of helplessness and stress is to plan ahead. Emotionally, however, we may find it difficult to talk about these issues. The situation becomes more complicated if there have been years of underlying tensions or misunderstandings between parents and their adult children.

**This publication offers strategies to help encourage discussion with aging family members about finances. Although intended primarily for grown children of aging parents, it also may be helpful to parents who must persuade their children to talk about future financial arrangements.**

## Strategy #1: Plan Ahead

Many families don't discuss finances until a crisis occurs—and then it may be too late. Once a parent suffers mental incapacity, options are reduced and procedures become more complicated and costly. In addition, others—social workers, physicians, lawyers, judges, and court-appointed guardians and conservators—may become involved in the decisions. Although such professionals try to be helpful, they may be unaware of a parent's wishes because they became involved after the parent's mental capacity became an issue.

Sometimes people hesitate to discuss financial concerns with their parents for fear of appearing overly interested in their inheritance. After all, talking about passing on Mom and Dad's money usually means talking about the circumstances under which it will be transferred. Few of us want to start a conversation with, "Dad, when you die..." or "Mom, if you become unable to make decisions..."

*Vicki L. Schmall, Extension gerontology specialist, Oregon State University; and Marsha A. Goetting, Extension family economics specialist, Montana State University.*



---

Planning ahead requires anticipating “negative” situations such as dependency, disability, incapacity, and death, and exploring ways to deal with them. Discussion of such topics often makes people uneasy. Most of us don’t like to think about our parents becoming unable to manage their finances. In fact, parents themselves worry about becoming mentally incapacitated, outliving their retirement savings, or being unable to pay long-term health care costs.

Despite these anxieties, there are good reasons to plan ahead. If you understand the financial and legal issues involved in planning for incapacity, you may protect your parents’ assets from mismanagement, fraud, or exploitation by others. Although it will not reduce the emotional pain that accompanies disability or death, planning ahead can:

- help you avoid crisis decision-making;
- make decisions easier in difficult times;
- reduce emotional and financial upheaval;
- ensure that your parents’ lifestyle, personal philosophies, and choices are known if they become unable to participate in decision-making;
- increase the options available to you and your parents;
- reduce the possibility that your family will have to engage in more intrusive, restrictive activities such as a court-appointed guardian or conservator; and
- reduce disagreements among siblings about “what Mom and Dad want” and how to handle their assets.

Planning ahead won’t solve or prevent all your problems, but it will provide your parents with more options and enable you to act more effectively.

## **Strategy #2: Talk Among Family Members**

Discuss the future with family members while all parties are basically healthy and financially secure. Perhaps you could raise the issue in connection with a friend’s move into a long-term care facility, a relative’s extended hospitalization following a heart attack, or the death of an acquaintance.

Another way to open discussion is to share your preferences and plans in the event of your own serious illness or death. Remember, mental incapacity is not always related to aging and illness. A debilitating accident could happen to anyone, regardless of age. Parents may question the motives of adult children who express concern about parental finances but have not prepared their own wills, powers of attorney, or advance directives for health care.

When and where you hold such a discussion can have a tremendous impact on the outcome. If possible, avoid discussing finances during emotionally demanding events, such as holiday celebrations. Instead, try raising the subject during a relaxed, shared activity such as walking, golfing, or baking. It may help diffuse some of the tension when the conversation turns to money.

Remember, it’s difficult for many people to talk about finances, especially when discussing incapacity and the inability to manage. Talking about potential loss of control can be even more difficult for a family member already experiencing health changes. He or she may feel grief, anger, frustration, or uncertainty.

Feelings are likely to be particularly strong if your parent fears that he or she is

---

giving up control. Even if these feelings are not verbalized, your parent may have them. Be sensitive to and acknowledge your parent's feelings and preferences, recognize his or her needs to be independent and in control, and do all you can to maintain his or her dignity.

Try to imagine how the situation looks and feels from your parent's perspective. Ask yourself, "How would I feel if I were in his/her situation?" Give your parent your attention; listen to what is said and communicate your understanding. A parent who senses empathy and understanding is more likely to listen.

When you start the discussion, it's important to express good intentions and a willingness to listen. Set the right tone. Don't say or imply, "I know you're going to have financial problems as you get older, and I know how to solve them for you." Telling a parent what to do is likely to create resistance, resentment, and anger.

Make it very clear that you are acting out of concern, not self-interest. An effective way to express this concern is to begin with "I" instead of "you": "I'm worried that if something happens to you, we won't know what to do." Or, "With health care costs rising, I'm concerned that a major illness could wipe out your resources."

Respect your parents' right to make choices as long as they are capable of doing so. Their view of what's best may differ from yours or your siblings' perspective. This does not mean that anyone is wrong; differences of opinion may result from different experiences, values, and attitudes. Show respect for your parents' choices, even if you disagree with them. This is

essential for an open discussion. Unless your parent clearly has passed the point of effective functioning, do not presume to know what's best for him or her.

As long as your parents are healthy and capable, the participation of other family members in their financial affairs should be by invitation only. They have a right to financial privacy. Although it may be frustrating to you, it's perfectly legitimate for parents to say that there are some topics they choose not to talk over with "kids."

---

***Show respect for your parents' choices, even if you disagree with them.***

---

If your parent refuses to talk about financial concerns or denies the need for such discussion, you cannot force communication. What you can do is acknowledge your parent's feelings, share the reasons you are concerned, and ask him or her to consider the possibility of a discussion at a later date.

If your parents don't feel comfortable talking directly with you about their personal finances, suggest that they talk to another family member, an attorney, or a financial adviser who specializes in working with older persons. Or provide your parents with appropriate books or articles from financial magazines and newspapers.

The Oregon State University Extension Service has educational materials on estate planning, living trusts, powers of attorney, and advance directives for health care (see "For Further Reading," page 7). Other sources of information include the American Association of Retired Persons and Area Agency on Aging offices.

---

## **Strategy #3: Hold a Family Meeting**

Another approach is to hold a family meeting. Call or write your parents and explain that you and your siblings would like to discuss some concerns at a convenient time when the family is together. The family member who is most likely to be listened to may be the best person to make the contact.

If a telephone call or letter initiating a discussion about these issues would upset your parents, you may want to wait until the family is together—perhaps to celebrate a holiday. At that time, you can explain that you would like to have a family conference to discuss financial decisions that would have to be made if one or both parents developed a chronic illness, became disabled or mentally incapacitated, or died. If possible, however, it's best to avoid such a discussion during emotionally charged and tiring times.

### ***Involve appropriate family members***

Your parents' wishes should determine who takes part in the discussions. Some families have found it helpful to include as many members of the immediate family as possible. Excluding an adult child without his or her agreement may result in later problems.

If a parent has divorced and remarried, include the new spouse in discussions. Parents should decide whether or not they are comfortable with their sons- and daughters-in-law present. Regardless of who is involved, everyone should respect the

parents' need for privacy regarding their finances.

If family relations are so tense that some adult children will not participate in a family meeting with other siblings present, it may help to suggest that an outside person such as a family lawyer, adviser, social worker, family counselor, mediator, or therapist facilitate the meeting.

Often, the mere presence of an "outsider" will keep the mood calm and businesslike and the conversation on course. However, an outsider's presence may cause some family members to "clam up." You need to decide what's appropriate for your situation.

### ***Prepare for the meeting***

Before the family meeting, make a list of concerns to discuss and questions to answer. (See "Family Finances: Discussion Points," page 6.)

If your parents feel uncomfortable divulging certain information, remember that it's not important to know the details of their financial situation. What *is* important is that your parents have:

- gathered together financial information;
- made known to at least one family member the location of important papers;
- prepared for the possibility of incapacity; and
- considered how to pay for long-term care should the need arise.

Before initiating the discussion, decide who will take notes. At least one person should record any items that require follow-up, such as confirming who was designated to have power of attorney or checking into the cost of long-term health care insurance.

---

### ***At the meeting, start with the basics***

Begin by making a list of where financial documents are kept. Important records include savings and investment accounts, Social Security numbers, insurance policies, pensions, contracts, and debts. The information and forms in the OSU Extension publications *Organizing Your Family Records* (EC 1302) and *Do You Know Your Valuable Papers?* (EC 1234) can help you and your parents organize important documents and determine the best place to store them. (See "Ordering Information," page 7.)

Again, while you are expressing concern about your parents' financial records, you also need to account for your own. Your parents may question your sincerity if you say they should have this type of list while you don't have one.

### ***Be willing to compromise***

Adult children who try to make financial decisions for their parents during the meeting because they think they are the "experts" may create resentment in both the parents and siblings. Keep in mind that the purpose of the meeting is to discuss the issues and the parents' wishes, not to demonstrate the children's financial wisdom.

### ***Follow up on the discussion***

At the end of the meeting, review the notes and encourage everyone to act promptly on any decisions. You may need to set up a meeting with an attorney or financial planner to answer questions about estate planning and financial matters.

If your parents are too frail to accomplish the tasks, delegate the jobs to family

members based on time available, skills, and geographic location. Parents who are capable, however, can do the tasks themselves.

Remember to appreciate your parents' capabilities. Too often, when people become frail, we tend to focus on what they can no longer do. It's important to focus on what your parent can continue to do. Even if your parent has some diminishing capacity, it's still important that he or she retain as much control as possible over personal finances.

## **Helping Out With Money Management**

Persons with limited mobility, impaired vision, loss of hand dexterity, or failing memory may ask for assistance in managing their finances. Their needs may be limited to help with reading fine print, balancing a checkbook, preparing checks for signature, or dealing with Medicare or other benefits programs.

People who are home-bound due to poor health may need someone to help them pay their bills or set up a system for paying their bills by telephone, automatic transfers, etc. A few older persons, because of severe disability, need someone to manage all their financial affairs.

There are several options for older people who need assistance in managing their finances or who may need assistance in the future. These include joint checking accounts, power of attorney, living trusts, appointment of a representative payee, conservatorship, and guardianship. Each

---

option has advantages and disadvantages that must be weighed in light of your specific family circumstances.

For detailed information on these options, see *Helping Your Older Family Member Handle Finances* (PNW 344; ordering information on page 7).

If your parent is diagnosed with Alzheimer's disease or a related disorder, it's vital to make plans early and seek professional advice. Options become increasingly limited when your parent is no longer able to participate in the decisions. A knowledgeable professional can help determine the best choices for your situation.

## Summary

Some parents have difficulty accepting financial counsel, especially from their children. Family members may have to maintain a delicate balance between providing assistance and assuming control. Your parents are likely to resist strongly if you take a "parent-like" stance with them.

Although it's difficult for any of us to face the possibility of dependency, disability, or incapacity—not only of our aging parents but also of ourselves—planning ahead is wise. It can help your family avoid disagreements over care and finances and help alleviate the stress of making difficult choices in crisis situations. Understanding the financial and legal issues involved in planning for incapacity also may help to protect your parents' assets from mismanagement, fraud, or exploitation.

## Family Finances: Discussion Points

- Do you have a will? If so, where is it located?
- Have you granted someone a durable power of attorney? If so, who has the power, and where is the document located?
- Have you prepared an advance directive or a power of attorney for health care? If so, who is the representative, and where is the document located?
- Do you have a safe deposit box? Where is the box located and where is the key? Where is the list of contents?
- Where are your essential papers, e.g., birth and marriage certificates, dissolution of marriage documents, and Social Security and military service records?
- Where do you keep your life, health, and property insurance policies?
- Have you made a list of investments (savings accounts, certificates of deposit, stocks and bonds, etc.)? What are the mailing addresses of the institutions that have the investments?
- Have you made a list of your personal and real property? Where is the list?
- Who are your financial advisers? What are their addresses?
- Have you developed a letter of last instructions? If so, where do you keep it?
- If you have a retirement program, is there a death benefit for the survivors? If so, whom should the survivors contact?

---

## For Further Reading

- EC 1302, *Organizing Your Family Records*, by D. Gregerson (Oregon State University, Corvallis, 1993). \$1.00
- EC 1234, *Do You Know Your Valuable Papers?* by A.M. Morrow (Oregon State University, Corvallis, 1993). No charge.
- EC 1243, *When Death Comes: Funerals and Alternative Arrangements*, by V.L. Schmall and C. Pratt (Oregon State University, Corvallis, 1993). \$1.75
- EC 1375, *Planning In Advance for Health Care Decisions*, by J. Hare (Oregon State University, Corvallis, 1993). 50¢
- EC 1386, *Talking To Your Family and Doctor About Difficult Health Decisions*, by J. Hare (Oregon State University, Corvallis, 1992). \$1.25
- EC 1421, *Estate Planning: Your Will*, by A.M. Morrow (Oregon State University, Corvallis, 1994). 50¢
- EC 1428, *Making a Decision About a Nursing Home*, by V.L. Schmall and C. Pratt (Oregon State University, Corvallis, 1993). \$1.75
- FS 314, *Revocable Living Trusts*, by A.M. Morrow (Oregon State University, Corvallis, 1992). No charge.
- PNW 246, *Aging Parents: Helping When Health Fails*, by V.L. Schmall and L. Isbell (Oregon State University, Corvallis, 1993). 50¢

PNW 344, *Helping Your Older Family Member Handle Finances*, by V.L. Schmall and T. Nay (Oregon State University, Corvallis, 1993). 50¢

PNW 345, *Financing Health Care in Later Life*, by V.L. Schmall and R. Stiehl (Oregon State University, Corvallis, 1989). \$1.00

## Ordering Information

To order any of the publications listed above, or additional copies of this publication, send the amount shown to:

**Publications Orders**  
**Agricultural Communications**  
**Oregon State University**  
**Administrative Services A422**  
**Corvallis, OR 97331-2119**  
**(503) 737-2513**  
**Fax: (503) 737-0817**

You may order up to six no-charge publications without charge. If you request seven or more no-charge publications, include 25 cents for each publication beyond six.

We offer discounts on orders of 100 or more copies of a single title. Please call for price quotes.



---

Extension Service, Oregon State University, Corvallis, O.E. Smith, director. This publication was produced and distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914. Extension work is a cooperative program of Oregon State University, the U.S. Department of Agriculture, and Oregon counties.

Oregon State University Extension Service offers educational programs, activities, and materials—*without regard to race, color, national origin, sex, age, or disability*—as required by Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973. Oregon State University Extension Service is an Equal Opportunity Employer.

---