

## Helping Aging Parents Adapt to Change





Regardless of how sharp and fit your parents might be, there will likely be eventual declines in their mental and/or physical health, so it's wise to develop a plan that anticipates and adjusts for longevity. Although it might be awkward, set up a meeting dedicated to discussing in as much detail as possible what your parents' resources, wants, and needs are and their thoughts about the future.

Here are some of the things you'll want to cover in your conversation:

- Medical care costs and directives
- Income and savings
- Estate plans
- Funeral arrangements

Parents who might be struggling with mental or emotional health may need oversight with their financial affairs.

- Make sure your parents' estate is in order.
- Obtain a durable power of attorney.
- Visit with your parents about a living will and a revocable living trust.
- Make sure your parents choose a health care proxy.
- Understand the tax implications for beneficiaries.

Even though these discussions might be difficult, it's better to focus on the details now rather than making decisions in haste or in a crisis. Creating a plan that addresses physical, mental, and emotional well-being can help everyone involved better adapt to changes.

People don't like to talk about dying but encouraging your parent to do so in advance will provide direction on how to proceed at a time when you're grieving. If you know where your parents intend to be buried and if a plot has been secured and a headstone ordered, that takes an added burden off you while ensuring your loved one's wishes are carried out.

### **Approach Issues Wisely**

While some parents will welcome interest and intervention, and may even be relieved by it, others may not be as receptive. If it's a matter of safety, push. You need to protect your parent if he or she no longer has the mental or physical ability to perform daily living activities or tend to financial affairs. If it's not a safety issue, then you can pull back for the time being. Respect a parent's desire to be independent and provide aid when possible.

Try to understand the motivation behind a parent's behavior. What is it about a proposed solution that upsets them? What are their concerns? What are their fears?

### **Identify Changes in a Parent's Behavior**

Here are a few key signs that could indicate potential health problems:

- Memory loss
- Wearing the same clothes
- Indifference to hygiene

- Unsteadiness that could require home safety modifications.
- Changes in appetite
- Struggles with tasks like managing bill payment.
- Signs of becoming uncharacteristically more frugal or philanthropic

### **Watch for Scams**

The U.S. Senate's Special Committee on Aging says Americans lose about \$3 billion a year through financial scams. Several things make seniors top targets: savings and investments, medical and government service usage, and dementia. Typical scams involve technical support ruses using well-known brands to lure seniors to disclosure personal account information; sweepstakes winnings; romance ploys; and impersonators saying a grandchild is in financial distress. Family and friends can also take advantage of senior citizens' savings.

Here are some proactive ways you can protect your parent's identity:

- Lock Social Security cards in a safety deposit box or other secure location.
- Get a free credit report from ALL three credit agencies every year at [annualcreditreport.com](https://annualcreditreport.com).
- Check financial records, credit cards, and bank accounts often.
- Urge parents to let numbers they don't recognize go to voice mail.
- Add your parents to the Do Not Call list at [DoNotCall.gov](https://DoNotCall.gov) to protect against fraud.
- Register your parents for a \$2 fee at [DMAChoice.org](https://DMAChoice.org) to block direct mail marketing to your parents for 10 years.
- Contact the Federal Trade Commission immediately at [FTC.gov](https://FTC.gov) if your parent becomes a victim of identity theft.

### **Consider Housing Options**

As your parents age, it will be imperative for you to know as much as you can about their financial resources to accommodate projected housing plans. Costs vary depending on whether they stay in their home or move to an apartment, assisted living facility, or nursing home. Home care services can also be a significant expenditure, depending on a parent's particular situation.

### **Assess Financial Implications of Taking Care of Parents**

In some cases, adult children reduce their hours or quit their jobs to care for elderly relatives. [According to one study](#), adult-child caregivers in the United States suffered a cumulative loss of nearly \$3 trillion in earnings. The average age of an adult child serving as a caregiver is 50.1, a time when many people typically think about boosting their savings, having paid down debt on their homes and gotten children through college.

For men, the average in total lost income (wages, pension, and Social Security) was \$283,716 per person versus women for whom the average loss totaled \$324,044 in total earnings. The reality is that many people this age are helping elderly parents meet their financial obligations, sometimes using their own retirement savings to compensate for their lost income as they pay their parents' costs.

One [AARP survey](#) found:

- 54% of caregivers have given \$1,000 or more to a parent in the last 12 months.
- 20% of caregivers have given \$5,000 or more to a parent in the last 12 months.
- About 10 million caregivers provide unpaid care to an adult with functional issues.

### **Create a Checklist**

A checklist can help you organize your activities for overseeing a parent's financial well-being and physical and psychological health too. A written record that includes your notes and observations also ensures the information is available for anyone who needs access.

- Gather details and keep records.
- Track down important documents you will likely need at some point.
- Create a household balance sheet and assess the financial situation of your parent:
  - All sources of income.
  - Social Security, retirement account, pension, and employment
  - All assets
  - Real estate, cars, etc.
  - Debts and liabilities
  - Monthly expenses

### **Ensure Access to Documents**

In the event a parent becomes incapacitated, having access to these documents will help ensure that financial affairs are kept in order. And in the unfortunate event of a parent's death, knowing where these documents are and having access to accounts can streamline the process of settling affairs.

- Bank account statements, including account numbers and passwords.
- Investment account records including account numbers and passwords.
- Credit card statements and account details.
- All monthly bills (mortgage, car, utilities, internet, phone)
- At least three years of income tax returns
- Any real estate or property ownership records
- Car titles and leasing agreements
- Insurance documents
- Birth certificate, passport, and military records if applicable.

### **Resources**

- [Aging Care](#)
- [Aging in Place](#)
- [Alzheimer's Association](#)

- [DMAChoice](#)
- [National Do Not Call Registry](#)
- [Eldercare Locator, a public service of the Administration for Community Living](#)
- [Meals on Wheels](#)
- [National Institute on Aging](#)
- [Paying for Senior Care](#)

## **Additional Topics**



### **Boost Your Savings Potential with Tax Deferral**

Understanding how and where tax deferral fits into your retirement strategy is key to ensuring your investments grow throughout your retirement-planning journey so you will have enough money saved when you leave the workforce.

[Learn More About Tax Deferral](#)



### **Specialized Estate Planning**

An estate plan is especially important if you want to provide ongoing financial support to a special needs loved one. Learn how Special Needs Trusts, Pooled Trusts, and ABLE Accounts may be used to enable your loved one to have a rich quality of life.

[Planning for Your Special Needs Loved One](#)