

Having a Conversation with Aging Parents Regarding Financial Affairs Should Be on To-Do List for Adult Children

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One of the biggest issues facing senior citizens these days is the increase in financial fraud and scams that can cause them to lose part or their entire retirement portfolio. And when they are the victims of a fraud seniors are too embarrassed to do anything about it - it is estimated that only one in 44 cases of elder abuse is actually reported.

One way to help stem this tide of elder financial abuse is for the children of aging parents to become more involved in managing their parent's investments, estate planning and other financial affairs. Unfortunately, having a conversation about money can be uncomfortable, and aging parents may become defensive, suspicious or reluctant to divulge such personal information. As a result, many children of aging parents forgo these discussions until it is too late which inevitably results in a crisis..

Warning Signs of Senior Exploitation

A normal part of aging includes a decrease in cognitive ability. Senior citizens are more likely to become afflicted with dementia or Alzheimer's as they age not only limiting their ability to make good financial decisions but also increasing the likelihood that they will be the victim of a financial fraud.

Unfortunately, it may be difficult to see the signs that parents are being financially exploited. Some common signs can include missing money or personal property; sudden or unexplained bank withdrawals or wire transfers; missing bank or investment statements or unfamiliar names on financial or retirement accounts; or changes in beneficiaries on wills, financial accounts or retirement funds.

Whether parents show signs of being exploited, or are just becoming more forgetful as they age, it is important for children of aging parents to discuss financial management before their onset of cognitive decline so they can be totally involved in developing a long-term plan for their finances.

How to Help Aging Parents Manage Their Finances

When discussing financial affairs with aging parents, children should really focus on the following areas:

Reviewing Estate Planning Documents – It is important for aging parents to have the proper estate planning documents in order, such as a will, trust, medical and durable powers of attorney and a HIPPA form. And even if they have these documents, it is advisable to review them to make sure they are up-to-date, because likely their personal and financial situations have changed since they originally completed them.

While a parent may not want to give complete control of financial matters to their child, there are ways that can keep them involved while providing assistance when needed. For example, a durable power of attorney or a trust can give an aging parent continued control over their financial affairs while also enabling a child to help in making financial decisions if the situation changes.

Gather Information on Parent's Financial Accounts -With all the financial accounts that people have, we all have difficulty keeping track of everything. Now imagine trying to determine what accounts an aging parent has in the event they become forgetful or incapacitated. Gathering documents and information on all financial affairs, including bank and investment accounts, credit cards, and recurring bills for health insurance, mortgage, property taxes and utilities, will permit children to act quickly to resolve any financial issues if they arise. Access to these accounts today often includes online user ID and passwords. Having access to passwords and log in information is critical in today's digital era. Internet companies are often very difficult to work with if you need to access someone else's accounts (email, Facebook, Apple, Amazon, etc.)

Financial Planning Review-While aging parents may lose their cognitive skills over time, they could still live well into their 90s, so it is necessary to ensure they have enough money in retirement to cover the cost of both living expenses and medical care. An important part of any financial conversation should include a review of an aging parent's retirement income and portfolio, including pension and Social Security benefits and investments.

Once you have reviewed their financial income and savings, it would be good to talk with their financial advisor to ensure their portfolio is properly invested to provide both growth and income as they age. If the services of a financial advisor are not being used consider consulting with one. No one wants to run out of money in the later years of their life. While many aging parents may be fearful of growth investments, they need to understand that their cost of living isn't going to decrease as they age, so having a portfolio that provides both growth and income will be vital to living a comfortable life as they age.

Discuss Potential Scams and How to Deal with Them-It seems you hear about a new financial scam every week, and many of them take advantage of senior citizens. That's why it is important for children to discuss the common IRS, email and phone scams they may encounter and what they should do to avoid falling prey to today's financial thieves. The IRS **NEVER** calls the house or cell phone and demands payment or threatens action.

Don't Procrastinate Regarding Parents Financial Affairs Conversation

While having a conversation with an aging parent about their financial affairs may be difficult, it is something that will help protect both parents and children in the long run from potential financial exploitation and mismanagement. It may take time to discuss all the various financial issues, so taking

things one item at a time may be the best strategy so you don't overwhelm an aging parent. But staying attentive to your loved ones as they age can help them to spot potential scams, minimize financial losses and enjoy a happy and fulfilling life in retirement.