

The Retirement *Strategist*

Assisting Your Parents When They Are In Retirement

Like the estimated 34 million Americans now caring for an aging loved one, you may be worried that one day soon your mom or dad will need your help.

Maybe you've already spotted a few warning signs - a pile of unopened bills lying on a table when you visit, or their frequent complaints about the rising cost of gas, groceries, and most importantly, health care. Your immediate response is to help them. But how?

Assisting With Financial Management

Do the research - You need to find out their financial picture - their income, expenses and savings; their wishes and worries; and any steps they've taken to put their affairs in order. Remember, the best time to address this with them is when they still have options (relatively healthy and able to make decisions when presented with options).

If your parents are reluctant to speak with you, try to give an example of someone you both know (a friend or family member) who you can use as an example ("Mom, I was so sorry to hear about Aunt Robin's stroke. Thank goodness she's drawn up a power of attorney for her son. Do you have one?").

These strategies can help you do the same for your folks:

Simplify their life - Arrange for direct deposit of their Social Security benefits, pension checks and dividend payments so they won't have to make unnecessary trips to the bank. If they have bank, brokerage and mutual fund accounts at several institutions, suggest consolidating.

That will make it easier for them - and you - to keep tabs on their portfolio's performance, and also reduce the number of statements they have to reckon with. If you see unopened bills

stacking up, try to persuade them to let you set up an automatic payment plan for routine expenses like utilities and insurance premiums.

Make it a joint effort - If your parents are receptive; consider setting up an online joint checking account in both of your names. That way you can sign checks to pay their bills, if necessary. As a precaution, though, first check with your parents' lawyer to make sure the move will not conflict with their estate planning, since you would inherit the account.

Hire help if needed - You may find you're not able to extend the same kind of in-person help that the Smith's daughters do - you work full time, live far away or just can't persuade them to accept help from you. In that case, professionals trained to work with the elderly may be able to step in.

For example, you can bring in a money manager for assistance with budgeting, paperwork and bill paying.

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Get it in writing - As difficult as it is to think about your mom or dad being incapacitated by illness, it would be worse if a crisis occurred and you were unable to help - or had to fight for your right to do so - because you didn't have the legal authority to act on their behalf.

Urge your parents to draw up the necessary documents, such as a will and a power of attorney, and make sure you know where those documents are. Then remind them to update that paperwork every few years or after any significant change in their circumstances.

Providing Financial Support

Sometimes helping your parents manage their own money won't be enough. According to a recent survey by the Pew Research Center, about 30% of baby boomers with living parents now contribute some of their own funds to support their parents, as longer life spans and soaring health-care costs strain the resources of many seniors.

Make their assets work harder - After doing a review of your parent's assets, sit down with a Financial Advisor to get their opinion. The goal is to identify if their assets will cover them for the long term.

Make it a family affair - If you can't make your parents' assets stretch to meet their needs, you may need to reach into your own pocket. But don't go it alone. Talk with your siblings and relatives to develop a family plan to provide support.

Consider long-term care options - Even the best arrangements can fall apart if your dad or mom becomes seriously ill and requires extended - and, typically, expensive - medical care. An assisted-living facility with on-site medical help could cost \$5,000 to \$7,000 a month; round-the-clock nursing at home may run \$100,000 a year; a nursing home will cost \$70,000 to \$150,000.

And Medicare won't pick up the tab.

If your parents have long-term-care insurance or live in a continuing-care retirement community, their medical needs will be

covered. If not, they'll have to dip into personal savings. Once your parent's finances are exhausted, he or she may be able to qualify for Medicaid.

Although this government health insurance program was designed for low-income people, it now covers two-thirds of nursing-home residents. "You don't have to bankrupt yourself to get your parents the right care. Easier said than done when it's your mom's or dad's health that's at issue.

Take care of yourself - As hard as it may be to focus on your own financial needs when your parents are struggling, you owe it to your family - and yourself - to do just that.

Keep setting aside money in a 529 or other college savings plan for your kids. Take a family vacation. And whatever else you do, make investing for your own retirement a top priority.

Think of it this way: Your financially secure retirement is one of the best legacies you can leave your children.