

When elderly parents need financial guidance

Written by Jason Alderman

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A friend of mine recently realized his mother needed help managing her finances when he found her closets filled with oddball purchases like jalapeno jelly beans and Betty Boop bobblehead dolls. "It was pretty clear that telemarketers were taking advantage of her friendly nature to sell her junk she didn't want or need," he said.

Fortunately, his mom welcomed assistance; but not all families are so lucky. Some parents are fiercely independent and fear relinquishing control over any aspect of their lives; others may be in over their heads and too embarrassed to ask for help.

Postponing uncomfortable financial conversations with your parents may do them – and you – a serious disservice. Chances are, if you're helping your parents financially your own retirement savings probably are suffering.

It's never too soon to become familiar with your parents' financial, medical and legal records so you can step in if needed. If possible, start those conversations while they're still in good health so you'll be able to spot any warning signals that something may be amiss.

Signs to watch for might include:

- Unpaid bills, late payment notices or utility shut-off warnings.
- Calls from creditors or collection agencies.
- Indications they've had to choose between filling prescriptions and buying food, heating or other necessities.
- Overabundant junk mail, magazine subscriptions or cheap prizes – signs they may be targets of telemarketing or get-rich-quick schemes.
- Seemingly unnecessary home improvements; or conversely, signs that they can't afford needed repairs.
- Uncharacteristically lavish spending on vacations, new cars, etc.

Long before your folks require assistance, offer to help organize their finances. Set up and periodically update files containing:

- Details of all major possessions and relevant paperwork (such as property deeds, car registration, jewelry, etc.)
- Outstanding and recurring debts (mortgage, car loan, medical bills, utilities, etc.)
- All income sources, including Social Security, retirement and investment accounts and savings.
- Bank accounts, credit cards, safe deposit box contents and insurance policies, including password, agent and beneficiary information.
- Will, trust, power of attorney, health care proxy and other documents showing how they want their affairs handled.
- Contact information for lawyer, accountant, broker, financial planner, insurance agent and other advisors.

A few other tips:

Help your folks set up and follow a detailed budget so they always know how much money is coming in and going out. Numerous free budgeting tools are available at such sites as www.ymoney.gov

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, the National Foundation for Credit Counseling (www.nfcc.org

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www.mint.com

, and Practical Money Skills for Life, Visa Inc.'s free personal financial management site (www.practicalmoneyskills.com/budgeting

).
Set up automatic bill payment for monthly bills to avoid late payment fees. Just make sure the account is always sufficiently funded.

Schedule a session with a financial planner to help everyone understand retirement's impact on taxes, income and expenses. If you don't have one, the Financial Planning Association (www.pafinancialplanning.org) is a good resource.

Take care of these financial planning details now, so that when your parents need your help, you'll be able to give them your full attention. And while you're at it, make sure your own files are in good order so your kids won't face the same hurdles when you get older.

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