



Patti Goroski

Talking with Aging Parents about Finances

By Marsha A. Goetting, PhD, CFP®, CFCS, Extension Family Economics Specialist and Professor, Montana State University, Bozeman, and Vicki L. Schmall, PhD, Emerita Extension Gerontology Specialist and Professor, Oregon State University, Corvallis

Provides strategies for diplomatic discussion about family financial issues with aging parents.

AT SOME POINT IN THEIR LIVES, PARENTS AND ADULT children will face the challenge of talking about financial issues associated with potential chronic illnesses, disabilities, mental incapacity, or death. Rationally, we may know that planning ahead is the best way to minimize feelings of helplessness and stress. Emotionally, however, we may find it difficult to talk about matters that make us uncomfortable. The situation can be more complicated if there have been years of underlying tensions, misunderstandings, or disputes among parents and their adult children.

This MontGuide provides ways to help overcome barriers that often hinder conversations with aging family members about money. It also explores alternatives to consider if a parent is healthy and needs minimal help with finances. And lastly, the MontGuide examines legal options if a court finds one or both parents “incapacitated.”

Each family is unique. While this MontGuide speaks to the adult children of aging parents, the authors also recognize that sometimes parents are the ones who need to persuade their adult children to talk about future financial arrangements.

Strategy 1: Plan Ahead

Many families do not discuss finances until a crisis occurs; unfortunately, then it may be too late to take certain actions. Once a parent suffers mental incapacity, the options become limited, and procedures become more complicated and costly.

In addition, others – including social workers, physicians, attorneys, judges, and court-appointed guardians and conservators – may need to become involved in the decisions. Although such professionals are typically competent, they may not be aware of the parents’ wishes because they became involved after mental incapacity became an issue.

Adult children may hesitate to discuss financial concerns with their parents for fear of appearing overly interested in an inheritance. Talking about Mom and Dad’s finances may mean talking about what happens when Mom or Dad die. Few of us want to start a conversation with, “Dad, when you die...” or “Mom, if you become unable to make decisions...”

Planning requires a person to anticipate difficult and uncertain situations – dependency, disability, incapacity, and death – and exploring solutions. Discussions can make family members feel uncomfortable. As adult children, we do not like to think of the day when our parents may not be able to manage their finances. In fact, parents often worry about becoming mentally incapacitated, outliving their retirement savings, and covering the cost of long-term care.

Despite these anxieties, there are good reasons to plan. Although planning may not reduce the emotional pain resulting from a disability, it can:

- make decisions easier in challenging times.
- reduce emotional and financial upheaval later in life.
- protect parents’ assets from mismanagement, fraud, or exploitation.
- ensure your parents’ lifestyle, personal philosophies, and choices are known before the time comes when they are not able to actively make decisions.

MSU Extension publishes MontGuides (fact sheets) about estate planning, revocable and testamentary trusts, and financial and health care powers of attorney. For more information, visit the [MSU Extension Estate Planning website](#) where there are 50 MontGuides (fact sheets) about the various areas involved in estate planning. Other sources of information include AARP, the Montana Senior and Long-Term Care Division, Alzheimer’s Association, and local Area Agency on Aging. (See list of organizations and their websites at the end of this MontGuide.)

- increase the options available to parents and their adult children.
- decrease the possibility that adult children will have to take intrusive, restrictive actions such as going to court to seek a guardianship or conservatorship.
- reduce disagreements among siblings about “what Mom or Dad would have wanted.”

Planning does not prevent all problems, but it does provide parents with more options and enable families to act more effectively.

Be sensitive to and acknowledge a parent’s feelings and preferences. Recognize the need to be independent and in control. Do all you can to support a parent’s dignity.

Strategy 2: Talking with parents

Discussing the future with aging parents is best while they are healthy and financially secure. To start the conversation, consider sharing the result of a life event experienced by a family member or friend, such as a grandparent’s move into a long-term care facility, the extended hospitalization of a relative following a heart attack, or the death of a friend who had no written will.

Another way to open the door to a conversation is to share your personal preferences and plans. Remember, mental incapacity does not just occur in later life. At any age, a debilitating accident or a head injury may cause incapacity. Parents may question the motives of adult children who express concern about a parent’s finances and health care and yet, the adult children have not done planning and prepared their own power of attorney for finances and another power of attorney for health care.

Give consideration to the timing of a discussion and where to have it. If possible, avoid discussing finances during emotionally demanding events such as holiday celebrations. A relaxed, shared activity, such as walking, golfing, fishing, or baking may diffuse tension when the conversation turns to finances and health care.

Remember, your parents may find it difficult to talk about finances, especially when discussing potential incapacity, inability to manage finances, and loss of control, particularly, if they are already experiencing health changes. A parent may express grief, frustration, uncertainty, and anger. Be sensitive to and acknowledge your parents’ feelings, preferences, and

their need to be independent and in control. Try to maintain your parent’s dignity and respect their wishes.

View the situation from your parent’s perspective. Give your undivided attention and listen to what your parents are saying. Show empathy and understanding. Parents are more likely to listen and be open to discussing financial concerns when adult children are considerate of their feelings.

Some parents have difficulty accepting any financial counsel, especially from their adult children. Try to keep a balance between providing assistance and assuming control. Parents are likely to resist if you try to take over.

An effective way to start a discussion is for all family members to express positive intentions and a willingness to listen carefully. The goal is to set the right tone. Avoid an aggressive approach which is likely to sound like a power play. Do not say or approach the discussion with an attitude of, “You are going to have financial problems as you get older, and I know how to solve them for you.” Make it clear that you are acting out of concern, not self-interest. An effective way to express this concern is to begin with an “I message” instead of “You message.” An example could be “I’m worried if something happens to either one of you, we won’t know what bills need to be paid.” Or “With the rising costs of health care, I’m concerned that a major illness could wipe out your savings.”

Respect your parents’ right to make choices while they have the capability of doing so. A parent’s view of what is best may differ from that of their adult children. This does not mean that any one viewpoint is wrong. Differences of opinion often result from different attitudes, values, or desires. Even if you disagree with your parent’s preferences, show respect for their choices. This is essential for an open discussion.

Unless a parent has clearly passed the point of effective functioning, you should not presume to decide what is best. If your parents are healthy and capable, the involvement of other family members in their financial affairs should be by invitation only. Although it may be frustrating to you, it is legitimate for parents to say they choose not to talk about certain topics with the “kids.” They have a right to financial privacy.

If your parents do not feel comfortable talking directly with you about their personal finances, suggest that they talk to another trusted family member, an attorney, or a financial advisor. Another possibility is to send your parents books, email articles, MSU Extension MontGuides, and links to webinars or podcasts.

Family Finance Discussion Points

- Do you have a will? If so, where is it stored?
- Have you granted someone a power of attorney for financial affairs? If so, who has the power and where is the document stored? (See MontGuide, *Power of Attorney (Financial)*, [MT199001HR.](#))
- Have you written a power of attorney for health care? (See *Health Care Power of Attorney and Related Documents for Montanans*, [EBO231.](#)) If so, who has the power, and where is the document stored? Is your Health Care Power of Attorney registered at the Montana End-of-Life Registry? (See MontGuide, *Montana's End-of-Life Registry*, [MT200602HR.](#))
- Do you have a safe deposit box? What financial institution has the box and where is the key? Where is the list of contents?
- What is the location of essential personal papers – birth and marriage certificates, dissolution of marriage documents, Social Security, and military service records? (See MontGuide, *Your Important Papers: What to Keep and Where*, [MT199611HR.](#))
- Where are your life, health, and property insurance policies?
- Have you made a list of investments (savings accounts, certificates of deposit, stocks, bonds, and mutual funds)? What is the contact information for the institutions that have your investments?
- Have you made a list of the personal and real property that you own? Where is the list?
- Who are your financial advisors? What is their contact information?
- Have you developed a letter of last instruction? If so, where is it stored? (See MontGuide, *Letter of Last Instructions*, [MT198904HR.](#))
- If you have a retirement program, is there a death benefit for survivors? If so, whom should the survivors contact?

Strategy 3: Hold a family meeting

Another approach is to arrange a family meeting. Explain to your parents that you and your siblings would like to discuss some concerns at a convenient time. The family member your parent has the most trust in may be the best person to arrange the meeting. During the meeting, family members can discuss how the parents would like to have their financial and health care decisions made if one or both parents developed a chronic illness, became physically disabled or mentally incapacitated, or died.

Involvement of family members. Your parents' wishes should decide who takes part in the discussions. Some families find it beneficial to include as many immediate family members as possible. Excluding an adult child may result in problems later. If a parent has divorced and remarried, include the new spouse. Parents should decide whether they are comfortable with sons-in-law and daughters-in-law to be present. Everyone who attends should respect the parents' need for privacy about their health and finances.

If family relations are tense, have a professional outside of the family— an attorney, financial planner, social worker, family counselor or therapist—facilitate the meeting. Often, the presence of an outside facilitator can keep a meeting calm and more productive. Consider, however, a family member may not be as open as they otherwise would be because of a non-family presence. Another family member may feel more comfortable being fully upfront and open with a professional, rather than when a family member facilitates the meeting. Your family needs to decide what is best.

Prepare for the meeting. Before the family meeting, make a list of concerns and questions to discuss. See list of discussion points above. Remember, some parents may not want all family members to know the details of their financial situation. What is important is whether the parent has:

- gathered 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, if needed.

Before beginning the meeting, decide who will take notes. At least one person should record items requiring follow-up, such as confirming who volunteers to find information about a financial or health care power of attorney or to research the cost of long-term care insurance policies.

At the meeting, start with the basics. Begin by making a list of where parents store their financial documents. Important records include savings and investment accounts, Social Security numbers, insurance policies, pensions, contracts, and debts. Be sure to include any real property owned such as a home or land. While expressing concern about your parents' financial records, you also should be able to account for your own. Your parents may question your sincerity if you say they should have this type of list when you do not have one yourself.

Be willing to compromise. A mother who has said she will not go to a local care facility may prefer this possibility rather than living with a daughter whose home is 1,500 miles away in another state. In the local care facility, friends and relatives could stop by and visit. In her daughter's community, the mother may not know anyone. Do not make financial decisions for your parents during the meeting. Keep in mind the purpose of the meeting is to discuss financial and health care issues and to be understanding of and cooperative with your parents.

Follow up on the discussion. At the end of the meeting, review the notes and encourage everyone to act promptly on any tasks they agreed to do. A son may check into the costs of long-term care insurance policies while a daughter requests a copy of the MSU Extension MontGuide, *Power of Attorney (Financial)* from her local Extension office. One parent may visit the local Area Agency on Aging, while the other contacts AARP for information or downloads a MontGuide from the MSU Extension estate planning website (see page 6).

Other actions may involve setting up a meeting with an attorney or financial planner to answer questions about estate planning and other matters. If parents cannot do tasks, divide tasks among family members based on time available, skills, and geographic proximity. Parents who are capable may be able to complete some tasks themselves.

Appreciate your parent's capabilities. Too often, adult children tend to focus on what parents cannot do. Instead, focus on what your parent can do. Allow parents as much control as possible over their finances and activities.

Helping parents with their finances

A parent who has limited mobility, low vision, loss of hand dexterity, or failing memory may ask for help in managing

their finances. Needs may include reading fine print, balancing a checkbook, preparing checks for signature, or dealing with Medicare and other benefit programs. A parent with severe disabilities may need someone to manage all their financial affairs.

There are several options for individuals who need help with managing their finances or may need help in the future. These include joint checking accounts or a multiple party account without survivorship, a financial and a health care power of attorney, a revocable trust, a testamentary trust, appointment of a representative payee, conservatorship, and guardianship. Each has advantages and disadvantages to consider.

JOINT CHECKING ACCOUNTS

Joint checking accounts provide an effortless way to sign checks and pay your parent's bills while they maintain a sense of control, particularly if they retain the checkbook. A parent can set up a joint account by adding the name of an adult child on both the checks and signature card. This is known as a joint tenant with right of survivorship account. The adult child joint owner will have equal access to the account as the parent. This also means the joint owner receives the balance in the account when the parent dies. Other family members do not receive any assets in the joint account. The joint tenancy overrides any bequests written in a will. If not effectively managed, a joint tenancy with right of survivorship account can present complications with taxes, eligibility for government benefits, and disposal of funds at death for either party.

Example A: Ms. Jones wrote in her will she wanted the balance of \$50,000 in her checking account to go to her daughter, Susie. However, the assets did not go to Susie because Ms. Jones had the account in joint tenancy with right of survivorship with her son, Brian. If Ms. Jones had the account in her name only, Brian would not receive the \$50,000. Instead, the money passes to Susie as listed in the will of Ms. Jones.

MULTIPLE-PARTY ACCOUNTS WITHOUT RIGHT OF SURVIVORSHIP

The funds in multiple-party accounts are accessible by two or more parties whose names are on the account. With multiple-party accounts without right of survivorship, one party could withdraw the entire amount in the account. At the death of the owners of the account, proceeds are distributed according to the deceased person's written will or to heirs based on Montana law.

Example B: Jane has \$150,000 in her savings account. After reviewing the form (at right) she decided to mark the multiple-party account without right of survivorship box on the form. She added her daughter's name to the account. At Jane's death, the \$150,000 will be divided according to her written will equally among her three children, not all to the daughter who had her name on the account. Why? Because it was an account without right of survivorship.

The Montana statute has a uniform single- or multiple-party account form that financial institutions may use, although it is not a requirement. The form features a convenient checklist that allows a depositor to choose among the types of accounts. (See form at right). Explore the full legal consequences of a multiple-party account with an attorney before selecting this choice.

REPRESENTATIVE PAYEE

If a disability makes it difficult for a parent to manage Social Security, Veteran's payments or public benefits income, an adult child, other relative or caregiver may become a Representative Payee to receive and disburse funds for the person. To arrange for representative payee status, contact the proper agency for an application form and instructions. One requirement is a medical confirmation document that the parent is not able to manage benefit payments. The benefit agency has instructions on how funds in the account are to be titled, accounted for, managed, and disbursed by the representative payee.

FINANCIAL POWER OF ATTORNEY

A **financial** power of attorney is a written document in which a person (the principal) gives another person (the agent) legal authority to act on their behalf in financial transactions. Having confidence

UNIFORM SINGLE- OR MULTIPLE-PARTY ACCOUNT FORM

Parties (Name One or More Parties): _____

Ownership (Select one and initial):
 _____ SINGLE-PARTY ACCOUNT _____ MULTIPLE-PARTY ACCOUNT
 Parties own account in proportion to net contributions unless there is clear and convincing evidence of a different intent. However, any one party may withdraw the entire amount on deposit in the account. Further, any one party may change the type of account.

Changing terms of account (Select one and each party initial)
 _____ MULTIPLE-PARTY ACCOUNT'S TERMS MAY BE CHANGED BY A SINGLE PARTY
 _____ MULTIPLE-PARTY ACCOUNT'S TERMS MAY BE CHANGED ONLY BY AGREEMENT OF ALL

Rights at Death (Select one and initial):
 _____ SINGLE-PARTY ACCOUNT
 At death of party, ownership passes as part of party's estate.
 _____ SINGLE-PARTY ACCOUNT WITH POD (PAY ON DEATH) DESIGNATION
 (Name one or more beneficiaries): _____

 At death of party, ownership passes to POD beneficiaries.
 _____ MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP
 At death of party, ownership passes to surviving parties.
 _____ MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP AND POD (PAY ON DEATH) DESIGNATION.
 (Name one or more beneficiaries): _____

 At death of last surviving party, ownership passes to POD beneficiaries.
 _____ MULTIPLE-PARTY ACCOUNT WITHOUT RIGHT OF SURVIVORSHIP
 At death of party, deceased party's ownership passes as part of deceased party's estate.

Agency (Power of Attorney) Designation
 Agents may make account transactions for parties but have no ownership or rights at death unless named as POD beneficiaries.
 (To add agency designation to account, name one or more agents):

(Select one and initial) _____ AGENCY DESIGNATION SURVIVES DISABILITY OR INCAPACITY OF PARTIES
 _____ AGENCY DESIGNATION TERMINATES ON DISABILITY OF PARTIES

in the person (the agent) to whom you give your **financial** power of attorney is critical since no agency or court supervises the person who is granted a **financial** power of attorney.

A person (principal) may give either a **general** power of attorney or a **special** power of attorney. A **general** power of attorney gives a broad grant of power to the person named as the attorney-in-fact to perform any financial transactions on behalf of the principal that the person could do. A **special** power of attorney authorizes the designated person to do a limited number of financial transactions or only one transaction such as withdrawing a specified sum of money from a savings account to pay bills.

A person can grant a financial power of attorney to last for a specific period such as a month, or for an indefinite time. In either situation, the principal has the right to revoke or withdraw the power at any time upon notice of intent to the person who holds the power of attorney and other interested persons. A financial power of attorney automatically ends on the death of the principal.

A **durable** power of attorney does not end if the person granting the power becomes mentally incapacitated. All financial powers of attorney are durable under Montana law unless noted in the document. A **durable** power of attorney can also “spring” into existence only if a person becomes incapacitated or incompetent, as diagnosed by a physician, and is unable to direct their personal affairs. However, a “springing clause” must be written very clearly or it may not be honored by financial institutions. (For more information, see MontGuide, *Power of Attorney (Financial)*, [MT199001HR.](#))

REVOCABLE TRUST

A revocable trust is another way people can assure management and protection of assets if they become incapacitated in the future. A trust is an arrangement whereby a person (settlor) transfers specific assets to another person (trustee) who holds and manages the assets for the benefit of the beneficiary. The settlor, trustee, and beneficiary may be the same person, or they can be different.

The trust agreement has specific instructions about the management and distribution of the assets to the beneficiary. For example, a mother may name herself as trustee of her assets until she becomes incapacitated, at which time her successor trustee, a daughter, will take over the duties of trustee.

Unlike a will, a trust is not subject to probate and does not become a matter of public record. An attorney’s legal assistance in setting up a trust is a way to protect everyone’s interests. The attorney drafting the trust should understand restrictions on Medicaid eligibility for the grantors of revocable trusts, particularly if there is any possibility the grantor may

need long-term care. (For more information, see MontGuides, *Revocable Living Trusts*, [MT199612HR](#), and *Medicaid and Long-Term Care Costs*, [MT199511HR.](#))

TESTAMENTARY TRUST

A testamentary trust allows a trustee to manage assets on behalf of a beneficiary. A settlor is a person who creates a testamentary trust. The terms of the trust are in the settlor’s written will. A testamentary trust does not legally exist until the settlor dies and the will of the settlor passes through the probate process. (See MontGuide, *Testamentary Trusts in Montana*, [MT202113HR.](#))

The settlor can specify in a written will which assets pass to the testamentary trust after the settlor dies. Like the settlor of a revocable trust, the settlor of a testamentary trust can transfer most any kind of asset into a testamentary trust. Additionally, life insurance policies, annuity policies, and pensions may allow the policy holder to list a testamentary trust as the beneficiary to receive the proceeds. Check with each company’s policy to find if this beneficiary option is available.

CONSERVATORSHIP

A conservatorship is a protective relationship whereby the court appoints an individual to manage another person’s financial affairs after that person has become unable to do so. An attorney must file a petition with the court and a judge decides if the person is legally competent to manage their finances. Other rights such as the right to vote, to marry or to write a will remain intact. The conservator is responsible to the court and must make an annual accounting of money spent on behalf of the incapacitated person.

GUARDIANSHIP

A guardianship is an appointed protective arrangement for a person found by a court to be incapacitated and in need of someone to oversee their personal freedom of movement and decision-making. The purpose of a guardianship is to assure the person’s essential requirements for physical health and safety are met. Montana law defines an incapacitated person as “anyone who is impaired by reason of mental illness, mental deficiency, physical illness or disability, chronic use of drugs, chronic intoxication or other cause to the extent the person lacks sufficient understanding or capacity to make or communicate responsible decisions.”

The court may grant a guardianship only if it is necessary to promote and protect the well-being of the incapacitated person. A limited guardianship has rights, powers and duties specified by the court.

Montana law requires every guardian and conservator to complete an “Acknowledgement of Fiduciary Relationship and Obligations.” The form is available online at montana.edu/estateplanning/acknowledgementoffiduciaryrelationship.pdf. This record should be a part of the court records with a copy for the guardian and conservator.

Understanding the financial and legal issues involved in planning for incapacity may help to protect parents’ assets from mismanagement, fraud, or exploitation.

Summary

Facing the possibility of dependency, disability, or incapacity – not only of our aging parents, but also of ourselves – is difficult, but planning is wise. Planning can help families avoid disagreements about care and finances and help alleviate the stress of making tough decisions in crisis situations. Understanding the financial and legal issues involved in planning for incapacity may help protect parents’ assets from mismanagement, fraud, or exploitation.

Further Information

MONTGUIDES

Montana State University Extension publishes MontGuides written to help families with estate planning. Over 50 are available online at montana.edu/estateplanning/eppublications.html.

For paper copies, contact your local MSU Extension office or Extension Publications, P.O. Box 172040, Montana State University, Bozeman, MT 59717; (406) 994-3273.

ORGANIZATIONS

Montana Department of Public Health and Human Services, Senior and Long-Term Care Division

111 N. Sanders, Room 210
Helena MT 59604
800-332-2272
dphhs.mt.gov

Area Agencies on Aging

Toll Free: 800-551-3191

AARP Montana

30 W 14th St, Suite 301
Helena MT 59601
866-295-7278
states.aarp.org/montana/

INFORMATIONAL WEBSITES

- 5 Tips for Talking with Your Aging Parents About Their Finances and Health, Merrill Edge. Bank of America. www.merrilledge.com/article/caring-for-aging-parents
- Acosta, Kim. How to Talk to Your Aging Parents about Finances. www.aplaceformom.com/caregiver-resources/articles/talk-finances-with-aging-parents Accessed October 2021.
- Alterman, Liz. 5 tough financial conversations to have with your aging parents—and how to tackle them. www.care.com/c/financial-conversations-to-have-with-aging-parents/ Accessed October 2022.
- Huddleston, Cameron, 10 Ways to talk to Your Aging Parents About Their Finances. Kiplinger. www.kiplinger.com/slideshow/retirement/t013-s001-talk-to-your-aging-parents-about-their-finances/index.html Accessed May 2021.
- Huddleston, Cameron. How to Talk About Money with Aging Parents. www.huffingtonpost.com/gobankingrates/how-to-talk-about-money-w_b_7849228.html Accessed July 2015.
- Johnston, Lori. Talking to Elderly Parents About Finances. www.agingcare.com/articles/talking-to-aging-parents-about-money-150098.htm
- Munk, Cheryl Wind Okur. How to Talk to Your Aging Parents About Their Finances. And Why it Matters Now. www.barrons.com/articles/how-to-talk-to-your-aging-parents-about-their-finances-and-why-it-matters-now-51631887099 Accessed September 2021.

Acknowledgments

Representatives from the Business, Estates, Trusts, Tax and Real Property Law Section, State Bar of Montana have reviewed this MontGuide. They recommend its reading by adult children who want to have a discussion with their parents about finances. The authors express appreciation to Montana Extension agents and other MSU faculty for their valuable suggestions.

