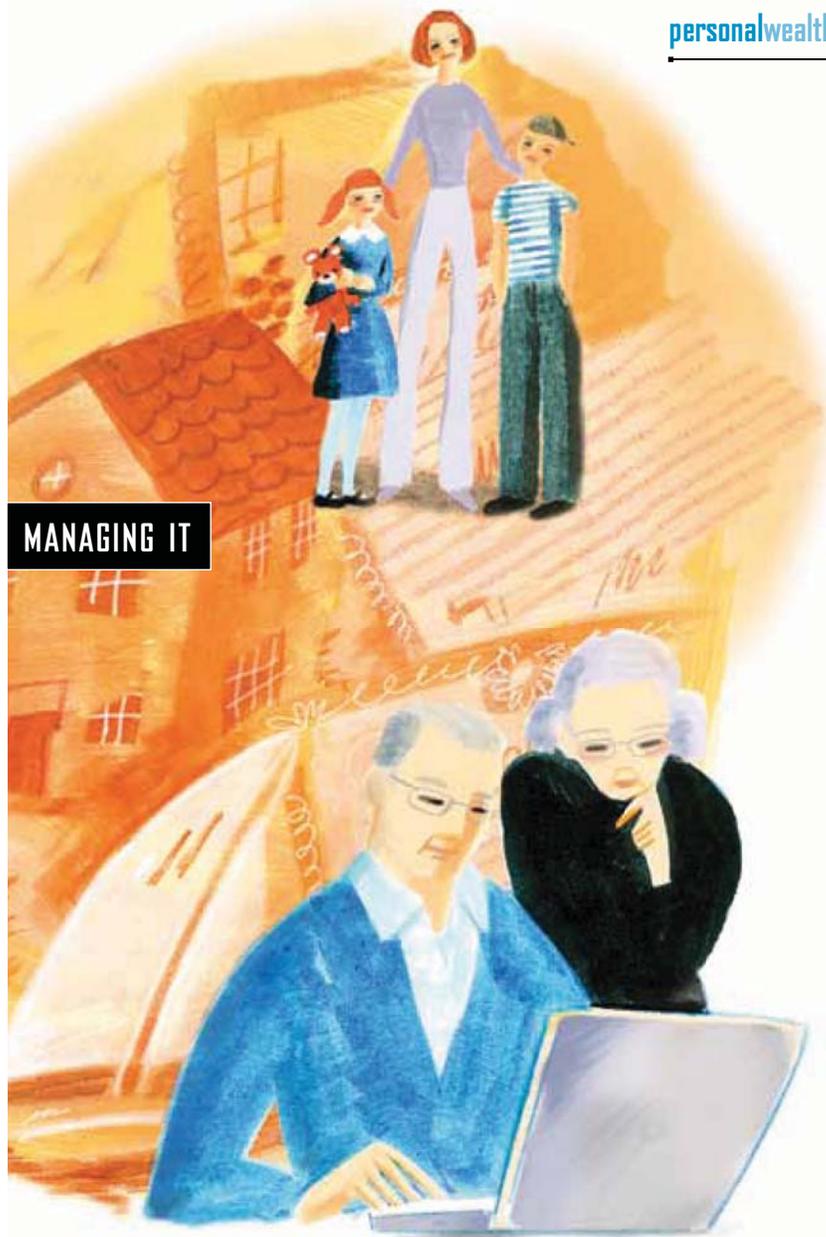


MANAGING IT



Talking With Your Adult Children About Your Future

As you prepare for the later years of your life—including finances and plans for possible long-term care—you may want to involve your adult children in the conversation. Doing so is important, because your plans may have an impact on their future as well as yours.

If you are concerned that some day you may need assistance managing your finances, your adult children likely will be the ones to assist you, explains Christine Fahlund, CFP®, a senior financial planner with T. Rowe Price. “There are so many financial decisions that need to be made in retirement and so much information to handle,” she says. “It’s a good idea for parents to discuss these matters openly with their adult children before any needs arise and even include a financial advisor to be an ongoing part of the team. You might find that it adds a new and deeper bond to your relationship.”

TOPICS TO COVER

Creating an agenda can help you stay on track over the course of several conversations, which should include these subjects:

- **The location of important documents, including lists of advisors, doctors, and other providers.** Compile your essential

documents, names, phone numbers, and addresses in a binder or on your computer. Keep them in a safe place, and let your adult children and any other appropriate individuals know how to access the information, if necessary.

- **Your wills and/or revocable living trusts.** Are they up to date and properly drafted? Make sure you have a will that was drawn up by an attorney and that you’ve reviewed it, along with the titles of your accounts and any beneficiary designations, within the last several years to accommodate any major changes in the family or your wishes. If you have a revocable living trust, ask your attorney whether to fully fund it at the present time.
- **Durable powers of attorney.** These documents enable you to give a specified person the authority to make decisions on your behalf if you’re incapacitated. You and your spouse should each have a durable power of attorney for both finances and health care—and you should inform the individuals you have named as your agents where the original documents are located. It is often a good idea to add POAs to your investment accounts as well.

Continued on page 15

- **Arrangements for long-term care.** Long-term adult day or nursing care can be extraordinarily expensive: It's generally upward of \$200 per day and costs considerably more in many parts of the country. If you don't have long-term care insurance and you are already in your late 60s or older, discuss how your adult children might assist you if such care is ever needed.
- **Liability insurance.** Fahlund believes seniors may be more vulnerable to lawsuits, so consider increasing your liability insurance coverage as you age. Ask your agent about an "umbrella policy."
- **Financial information and decisions.** As you approach your retirement date, it may be valuable to review your financial decisions with your adult children to be sure you haven't missed strategies that could save you money or maximize your income. For example, there can be advantages to waiting before you start taking your Social Security benefits. And you may not know how much you can afford to withdraw from your investments each year or whether your investments are likely to last for the rest of your life.

HOW TO BEGIN

In an ideal world, you would start easing into the process of having conversations with your adult children when you are in your 50s, while you're still working and have yet to make these important decisions. Generally speaking, the sooner you start the conversation, the more effective it can be.

Consider the following suggestions for starting this discussion with your children:

- **Initiate the conversation in person, at times of low stress,** preferably while you're healthy. You may be unsure of what to do if your portfolio has dropped significantly during one of the recent market downturns or if some of your plans need to be updated.
- **You lead the discussion,** and provide them with only as much information as you feel comfortable sharing. Explain that they may be able to help you make your retirement planning decisions, while respecting your right to accept or decline their ideas.

- **Consider talking to them about your current and future living and driving arrangements.** If you're older, tell them how long you plan to live in your current home and what you are considering doing about housing if your situation changes.

Let your adult children know if you already have a relationship with an advisor or if they can help you find a professional with the particular skills and expertise you need. Then suggest meeting as a group. "There's no one right way to proceed," Fahlund explains. "The conversations may be very new and different for all of you—both financially and emotionally. You don't have to solve everything or share the information all at once. Take your time and enjoy the relationship and bond you form with each other as the result of this process." 🐶

Tips for Adult Children for Providing Assistance to Their Parents in Their Later Years

Taking these steps can make a difference as your parents get older.

- **Increase the size of your emergency fund.** Having more money available can help in the near term if you need to travel or take time from work to help your parents.
- **Consider the roles your siblings could play so you're well organized before the need arises.** Brothers and sisters who live near your parents could plan to contribute time to drive to doctors' offices or assist with chores. A sibling who lives farther away might handle the monthly bill-paying instead.
- **Meet with your financial advisor** to discuss how you might adjust your financial strategy and investments to include potentially helping your parents at some point in the future.
- **If you can, join your parents when they meet with their advisors.** Although you don't need to know the details, be sure they have a solid estate plan, including wills, trusts, and the beneficiary designations of their choosing.

The T. Rowe Price What Your Family Needs to Know online worksheet can help you organize and share your own key financial information with others. Consider filling out a worksheet with your own information and showing it to your children. Then invite them to reciprocate—and start the conversation. To download the worksheet, visit www.troweprice.com/familyrecords.

