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WEALTH MANAGEMENT | ADVISER VOICES

It’s the Most Wonderful Time of the Year… to Discuss Finances With Aging Parents

Family time can offer convenient way to talk about financial challenges or gauge parents’ mental acuity

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Mr. Fenstad … It’s important to remind clients who are having financial conversations to not put too much pressure on their families or themselves. PHOTO: GITTINGS

With the holiday season in full swing, advisers at my firm like to remind clients that family gatherings can be a good opportunity to discuss the challenges facing aging parents and to make plans to start addressing them.

We don't suggest that clients press their parents about balances in their individual retirement accounts or power of attorney around the dinner table. Rather, conversations about family finances can be informal and the topic can be broached subtly.

One strategy clients can use to gain insight into a parent's financial situation is to talk about their own. A client who has recently purchased life insurance or opened a new retirement account might share that information with a parent and ask them about their experience with those tools. The goal is to identify potential issues that aging parents may be facing, or gaps in their current financial plans, and to start a dialogue.

We also encourage clients—especially those who might not see their parents often—to be observant. When gathering at a parent's home for the holidays, clients should take note of any signs that their hosts are struggling with otherwise simple tasks. Is unopened mail stacking up? Is the refrigerator understocked? If there's concern over a parent's ability to manage his or her own finances or care, the family can discuss strategies to become more involved in overseeing well-being and monitoring activity more closely.

One great way we've seen clients get more involved is by asking parents for access to their online financial accounts. Not only does this allow children to passively and unobtrusively keep tabs on a parent's finances and identify any unusual activity, but it also allows children learn more about what kinds of accounts their parents have and how they budget for day-to-day needs.

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In situations of cognitive decline where children need to take the financial reins from their parents, that knowledge can invaluable and help facilitate a smoother transfer of responsibility.

This kind of sharing can be a good idea for any family, even if there aren't any discernible issues. A client may never have to assume control of their parents' finances or manage their care, but having the information necessary to do so helps them prepare for the possibility while also providing parents with ongoing guidance, oversight and support.

It's important to remind clients who are having financial conversations to not put too much pressure on their families or themselves. This is a process of engagement, which means it doesn't have to happen all at once. If a client has never broached the subject of finances with his or her parents, there is no need to hammer out any decision before the holidays are over.

The goal of these conversations should be to get the conversation started, to promote honesty and candor and ultimately lay the groundwork for the next conversation—even if that’s not until the next holiday season.