

Get the Lowdown on Your Parents' Finances

When loved ones pass away, they leave a number of financial concerns behind for their family to square away. From banking records to estate plans, there are many loose ends that need to be tied up and most children are unaware of what awaits them when they start to delve into the paperwork.

While 60 percent of parents with adult children believe their children are aware of their financial situation, only 40 percent of children have at least an idea of what their parents' income is. For the vast majority of Americans, they have never had a conversation with their parents about their financial plans, whether short term or long term.

Much of this can be attributed to family dynamics. Children don't want to ask difficult questions for fear of seeming to be parenting their parents. The parents don't want to burden their children with such concerns when they have their own families and problems to worry about. Whatever the reason, the lack of communication can lead to serious pitfalls down the road.

For children, finances can be a very tricky subject to broach with parents. They don't want to appear as though they are eyeing potential inheritance money or feel like they are prying into private affairs. Besides, no one feels comfortable starting a conversation by asking how much money someone has.

The best approach involves children considering their own plans. Think about your long-term options, such as estate planning and insurance concerns. Once you have explored your own course of action, it is easier to know what to ask when talking to your parents. It also leads to a natural conversation starter: "We just met with our lawyer and set up our estate plans. We thought we should share them with you just in case something should happen."

With this approach, you are opening up a comfortable forum for discussion since you are making your parents aware that you have put thought into it and you are willing to share similar details of your life with them. Even if your parents don't get into specific dollar amounts, it is important to learn where their funds are located and who they have designated as power of attorney in case they become unable to manage their own money.

One of the real benefits of a conversation like this is the give-and-take that can result. For both sides, they may learn about new options they can explore in their finances. They may discover an immediate resolution to a pressing concern, such as the use of a bill-paying service to alleviate financial stress, or be able to ponder a longer-term option of nursing home care. The more help available to make decisions results in better decision making.

Of course, every parent-child dynamic is different. While some parents may be willing to go right into a discussion of their finances, others may reject the topic outright and be unwilling to discuss it. In a situation like this, it is best to not press the matter and let it

go. Wait a while and bring the subject back up at a later time. This may give your parents a chance to think the subject over on their own and warm up to the idea. When they do begin to open up, it may only be in small pieces of information.

You may discover that your parents have made little to no plans regarding their estate and finances. The reasons for this are numerous, but it is up to you to be flexible in how you approach it. As long as you have openly addressed these concerns in your own life, you can help start them down this important path simply by mentioning it to them in the context of your own preparations.

Regardless of how your parents respond, be sure to be respectful. After all, you are discussing their finances and their wishes in regard to their future plans. In the long run, your patience and concern for their well-being will provide them a forum for sharing their concerns and will result in a smoother transition in each stage of life.