

MOM and DAD, WE NEED to TALK



**How to Have
Essential Conversations
with Your Parents
About Their Finances**

Cameron Huddleston

WILEY

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For my mom

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I N T R O D U C T I O N

Why the Money Talk Is Essential

There's a good chance you recognize the importance of talking to your parents about their finances if you bought this book – or are thinking about it. But if you're not entirely convinced that you should discuss how they plan to support themselves in retirement, whether they'll be able to afford long-term care if they need it, or if they have a will, let me share a story that might persuade you.

Once upon a time, I didn't realize how essential it was to have detailed conversations with my mom about her finances. It wasn't that I was afraid to bring up money issues with her. After all, I'm comfortable with the topic because I've been a personal finance journalist for more than 15 years. And my mom didn't treat money as a taboo topic, even though plenty of other people in her generation (including my dad) did.

But as she was approaching retirement, I was busy working, having kids, and getting my own financial house in order. I knew that my mom, for the most part, was on top of her finances. She wasn't a big spender. She owned her house outright and lived comfortably. So I didn't foresee her having any financial woes once she retired or as she aged. That doesn't mean, though, I shouldn't have taken the time out of my busy schedule to chat with her about her plans for her future and what she had in place to ensure a comfortable retirement.

To my credit, I did suggest that my mom look into long-term care insurance right around the time my husband and I moved from Washington, D.C., to my hometown in 2003. She and my father had divorced several years before then, so she didn't

have the benefit of a spouse to help care for her if dementia or another condition left her unable to care for herself later in life. A long-term care policy would help ensure that her care would be paid for if she needed it.

So she took my advice and talked to an insurance agent. But no long-term care insurance provider was willing to give her a policy because she was considered too high risk. She had an acoustic neuroma – a noncancerous tumor that developed on the nerve from her inner ear to her brain – which she had opted to have treated with radiation rather than surgically removed.

When she told me she couldn't get long-term care coverage, I should have used that opportunity to sit down with her and review all of her sources of income to figure out whether she could pay for care on her own if she ever needed it. But I dropped the ball.

As fate would have it, my mom started showing signs that she was having trouble remembering things. Of course, not wanting to think the worst, I initially assumed that she was asking the same questions more than once and repeating things because she had lost her hearing in her left ear as a result of the acoustic neuroma. But one night while I was at her house, it became painfully obvious that her hearing loss wasn't the problem.

She asked me if I wanted to see a new bench she had bought for her patio. We went outside, looked at the bench, then went back in and started talking. Within a few minutes, she asked, "Do you want to see the new bench I got for my patio?" My heart sank.

At that point, there was no denying that my mom's short-term memory was fading. I should've acted quickly to ask her to make a list of all of her financial accounts, to make sure her legal documents such as her will were updated, and to discuss how to pay for long-term care because it was no longer a question of *if* she would need it but *when*.

I should have, but I didn't.

I recognized the need for having a conversation then. But I was afraid – not of talking to my mom about her finances but of saying that we needed to have a conversation because she was starting to forget things. I didn't want to be the one to tell her that she was losing her memory.

I ended up calling her primary-care doctor, whom I knew, and asked if he'd be willing to suggest at her next appointment that she be tested for dementia. To my great relief, he did. My mom then met with a neurologist and took a test. But she told me that the neurologist said the results of the test didn't show that she had dementia.

I wasn't convinced. I also knew I couldn't wait any longer to start getting involved in my mom's finances. The first step was getting her to set up an appointment with an attorney to update her legal documents – her will, living will, and power of attorney. It was especially important to get those latter two documents drafted. Her living will named my sister and me as her health care surrogates and gave us authority to make health care decisions for her. And we both were named her power of attorney, which gave us the right to make financial decisions for her.

You're probably thinking, "This story's not so bad. It all eventually worked out."

It almost didn't.

For estate planning documents to be valid, you have to be mentally competent when you sign them. Around the time my mom signed hers, she had visited another neurologist, taken more tests and was diagnosed with Alzheimer's disease. Fortunately, she was still aware enough of what was going on that the attorney found her competent to sign her will, living will, and power of attorney documents.

If I had waited any longer to encourage my mom to meet with an attorney, she might not have been able to sign those documents. Then I would've spent a lot of time and money in the court system getting conservatorship – the legal right to access her accounts and manage her finances for her.

This happened to someone I know. Doug didn't have power of attorney for his father and couldn't get it when he needed it because his dad's dementia had progressed too far. While his father was in the hospital recovering from surgery to repair a bleeding ulcer, Doug couldn't pay his dad's bills because the bank wouldn't give him access to his account without power of attorney. So Doug spent nine months and \$10,000 to become conservator for his dad. He had to hire a lawyer and have his

dad evaluated by a neuropsychiatrist to prove in court that his dad was incompetent. To become conservator, Doug also had to pass credit and background checks and be interviewed by a court-appointed investigator (a process I explain in detail in Chapter 4).

“The irony is you spend all those thousands of dollars, and it’s only good for a year,” Doug said. Every year, he had to check in with the court, produce a net-worth statement for his dad, and file a report showing all of his expenses and how he spent his dad’s money.

I certainly dodged a bullet there. But because I had waited to get details about my mom’s finances until she really needed help, I had a bigger problem. I had to gather information from someone who was having trouble remembering things. It was like trying to put together a puzzle without knowing what the final picture was supposed to be.

Going through her files, I could see my mom’s mental decline. Her receipts and documents for her tax returns were no longer neatly organized as they had been in years past. Mail was piling up on the dining room table, and I wasn’t sure bills were getting paid. And there were letters – so many letters – requesting donations from groups I knew she had no ties to but clearly she had given money to because they were thanking her and asking her for more.

Because she no longer had a firm grasp of where all of her money was, one of her accounts slipped under my radar. I didn’t find out she had \$50,000 worth of investments until a notice arrived that her account was about to be turned over to the state treasury department. That was only a couple of years ago, and my mom already was in an assisted living facility. Fortunately, I was able to get the money (because I have power of attorney) and use it to pay for almost a year’s worth of care.

Even more stressful than sorting out my mom’s finances was making the decision to move her to an assisted-living facility. I discussed it with her at the time, but those conversations were forgotten shortly after they happened. If I had talked to her about what sort of care she wanted and whether she was okay with the idea of living someplace where she could get round-the-clock care from professionals *before* she started losing

her memory, I would have felt less stress and guilt when I made the decision for her.

I shared some of this story while being interviewed for a podcast with the credit reporting agency Experian. I wasn't brought on the show specifically to talk about my situation with my mom, but the conversation quickly turned to the topic and remained there for the rest of the interview. Both of the hosts – one man who was slightly older than I am and one man who was younger – wanted to know how they could start having conversations with their parents about their finances. After the interview ended, the two other people in the room at the time stopped me to say that they, too, were going to need to start talking to their parents and wanted to know how.

That's when I realized I needed to help others do what I should've done a lot sooner with my mom: have essential money conversations with their parents. I wish there had been somebody to give me the kick in the pants I needed to start talking to my mom about her finances well before she started losing her memory. I was only 35 when she was diagnosed with Alzheimer's; my mom was 65. I didn't have any friends my age whose parents already were having memory issues or needing help with their finances. So I navigated the difficult process of talking to my mom about money issues on my own and eventually took over management of her finances.

Now, many of my friends are facing the same situation I was in 10 years ago. They're seeing signs that their parents or in-laws need help and are asking me what to do. I'm happy to report that those who have taken my advice and have had conversations with their parents have had success. Their parents have listened and taken action by giving their children details about their finances or contacting attorneys to draft or update estate planning documents.

I can't promise that talking to your parents about all of the financial issues they'll face as they age will be easy. But you don't have to figure it out on your own as I did. This book is going to be the kick in the pants you need to make you realize that **now is the time to start talking to your parents about their finances**. It will help you get past any fears you have about bringing up this difficult topic. It offers a variety of ways to start the conversation.

It provides encouraging stories from people who've had money talks with their parents. And it's chock-full of advice from financial, legal, and eldercare experts who've helped thousands and thousands of clients navigate family money talks.

To be clear, this book is not geared just toward wealthy families who want to avoid fights over their parents' assets if they die without estate plans. In fact, it's even more important for middle- and lower-income families to be having these conversations as soon as possible to make sure their parents' money doesn't run out in retirement and to have a fallback plan if it does. It's for people who want to find out if their parents know how they're going to pay for any long-term care they might need, because Medicare typically doesn't cover assisted-living costs, and it can be tough to qualify for Medicaid. It's for people who need to know the ins and outs of their parents' finances because they might have to help manage them someday as I did – and still do – for my mom.

I recognize that all families are different and that, no matter how hard you try, your parents might refuse to talk to you about money issues. If you use the strategies I suggest in this book to get your parents to open up but still can't get them to talk, I do offer some practical advice from people who've been in this situation and some tips from experts on how to be prepared for worst-case scenarios. I also recognize that even though I use “parents” throughout the book for simplicity's sake, there is just a single parent in many families – or a mom and mom or dad and dad. In those situations where there is only one parent, it's even more important to have these conversations because there isn't a spouse or partner to provide financial or caregiving support. You, the child, will more likely have to help your parent as he or she ages.

My hope is that you can learn from the mistakes I made – and the things I did right. I want to be a friendly voice – and share the voices of others – to help guide you through the process of talking to your parents about what can be an uncomfortable topic. Most importantly, I want you and your parents to be able to say, “I'm glad we talked.”

CHAPTER
1

**Get Over Your Fear of Having
“The Talk”**

Do you remember the birds-and-bees talk your parents gave you when you were a kid? It's probably one of those conversations you've tried to repress because it was so awkward. Or perhaps your parents never even bothered to have "the talk" with you.

I remember what happened when I asked my mom where babies came from. She answered that a man and woman lie together and "make love." I'm not kidding – that's all she said. She didn't even follow up with one of those books that parents give their kids when they're too uncomfortable explaining how sex works.

If grades were given for this parental duty, my mom would've gotten a D at best. I have three kids now, so, clearly, I figured out how babies are made – no thanks to my mom, though. But as a mother myself, I recognize how awkward the conversation can be and why plenty of parents try to dodge it.

So what does this have to do with talking to your parents about their finances? A lot.

Sex and money are two of the most taboo topics. However, many people seem to be even more uncomfortable talking about money. A 2016 survey by Care.com¹ found that more than half of parents would rather have the sex talk with their kids than talk to their parents about money and aging issues.

A survey by personal finance website GOBankingRates found that 10 percent of Americans are more comfortable talking about their romantic life with their parents than their

parents' finances. And 9 percent said they'd rather talk to their parents about their *parents'* romantic life than ask them about their finances. Who are these people? I totally understand that asking your parents to share details about their finances can be awkward. But I think it would be a lot weirder asking your mom or dad for details about their love life.

Sadly, though, when it comes to having money talks with their parents, many people appear to be taking the approach my mom used for the birds-and-bees talk. They're avoiding the conversation. The GOBankingRates' survey found that 73 percent of adults haven't had detailed conversations with their parents about their finances. One of the most common reasons respondents gave for not having a money talk with their parents is because they're afraid to bring up the topic.

So what is it about this conversation that seems so intimidating? Here is just a small sample of what people have said about why they are afraid to ask their parents about whether they have enough money to support themselves in retirement, who will make financial decisions for them if they no longer can, what happens to their assets when they die, or what their final wishes are.

- “I still find it challenging to speak about money with my parents. We can discuss religion, politics, and relationships, but money remains a taboo subject,” Jason said.
- Olivia said she's tried to have conversations with her mom to find out how she will support herself in retirement. But her mom always changes the subject. “I'm kind of afraid to ask more specific questions,” Olivia said. “I don't want her to be offended. I don't want her to feel like I'm being nosy.”
- “I really don't like those conversations,” Noah said about discussing his parents' wills. “I'm really not fond talking about the death of my parents as a potential thing.”
- Talking about money with her father has never been easy, Meg said. It's a conversation she knows she needs to have now that he's approaching 70, has unstable finances and long-term health problems, and is in a second marriage. But she's afraid. “Discussing the full scope of

his finances, along with how he and my stepmother have discussed their planning in light of our blended family composition, has been intimidating enough that I’ve shied away from approaching it with him.”

You might share some of these fears, or perhaps you have your own reasons for not wanting to talk to your parents about their finances. But unlike the birds-and-bees talk your parents might have avoided with you, you can’t let fear prevent you from having a money talk with your parents. Don’t assume you’ll just figure out the details of your parents’ finances without their input the way you might have figured out how to have your own kids without a sex ed talk from mom or dad. You will be much better prepared for any role you’ll have to play in their financial lives as they age if you get a dialogue going.

More importantly, you need to recognize that your fear of how your parents will respond to your questions about their finances is much worse than what will actually happen.

YOUR FEARS VERSUS REALITY

That scenario you’ve been playing out in your head probably won’t materialize. If you have a decent relationship with your parents, you’ll find that asking them about their finances won’t erupt into a screaming match. In fact, they likely will be grateful that you’re looking out for their well-being.

If your relationship with your mom or dad is strained, it might not be quite so easy. But rather than let your fear of what *might* happen if you ask about their finances prevent you from talking to your parents, remember that the reality might not be so bad. At least, that’s what the people who shared the following stories discovered.

Fear: My parents will think I’m being nosy.

Reality: They might be glad you asked because they had been meaning to talk with you. Even parents who are reluctant to talk might be grateful, in the long run, that you took the initiative to have a conversation and help them with money issues.

As an accountant, Lisa had always been comfortable talking to people about money. However, it wasn't a conversation she wanted to have with her parents. "You want to make sure they are financially secure but don't want to appear too nosy," she said.

Lisa had to push past that fear, though, when it became obvious that her aging parents were living in a home that was too expensive and difficult for them to maintain. "My siblings and I all wanted them to move to a retirement-type village that would take some of that stress off of them," she said. "Mom was open to the suggestion, but Dad had always owned his own home and thought renting was a terrible idea."

So she sat down with them and their checkbook to total up how much it was costing them to live in their home. Then she prepared a budget showing how much it would cost them to live in a retirement community. "They were shocked how close the numbers were," she said.

But her dad still wasn't willing to move, even though he had been battling prostate cancer for years and his health was going to make it difficult for him to stay in his home. "I had to pull out the big guns to convince him the move was necessary: 'Dad, you'll need a wheelchair soon and these 1929 doorways aren't big enough,'" she said.

"He answered, 'I'm still feeling pretty good. I want to wait until I'm bad,'" Lisa said.

"If you wait that long, you'll be in nursing care instead of independent living,' I reminded him. 'Then Mom won't be able to be with you,'" she told her dad.

That did the trick. Lisa's father agreed to move. After living in the retirement community for a month, he pulled Lisa aside to tell her thank you. He said he was glad to be in a place where he could look around and *not* see things that needed to be done that he couldn't do anymore.

"Sadly, we lost Dad earlier this year. But because he was in a place where we could roll in the hospital bed and use hospice, he got his wish that his wife and children were at his side," Lisa said. "My best advice to anyone with aging parents is to start the conversation early, before significant life changes are occurring

and talk about the ‘what ifs.’ Dad’s stress level would have been greatly reduced had we moved him years before.”

Fear: My parents will think I’m being greedy.

Reality: If you make it clear that you’re asking about their finances out of concern for their well-being, they will see that you have their best interests at heart – not just yours.

When Becky was in her late 20s, a family friend who had been sick for several years died. Becky started thinking about how the woman and her family had time to prepare for her death and started wondering if her parents, who were in their 60s, had taken any steps to ensure a smooth transition of their assets when they died.

In particular, she wanted to find out whether her father, who is a self-employed musician and writer, had plans for how she and her siblings should handle his business if something happened to him. She was nervous asking this because she recognized it was an uncomfortable topic and didn’t want to look like she was just after an inheritance. But she realized that if she didn’t initiate the conversation, no one else in her family would.

“I brought it up casually with my parents with my siblings present,” Becky said. “They first laughed it off, asking if I planned on getting rid of them.”

She wasn’t motivated in the least by greed – but rather concern – so she kept at it. “I brought up our family friend and how she was able to plan and prepare,” Becky said. “I said that, of course, I wasn’t trying to get rid of them, but we – the kids – should know what they both want.”

Becky’s parents told her and her siblings that they should just let their lawyer and accountant handle the business. But a couple of months later, they told Becky that they had met with their attorney to update their wills to name her executor of their estate. Her parents said that she and her siblings would become board members of their father’s company when they died and that their house should be sold and the profit should be split among them. “It was a relief to talk to them about this

because I know how families can get once money and real estate is involved,” Becky said.

Fear: My parents will be offended, and our relationship will be ruined.

Reality: They might like you less in the moment if they’re not comfortable with you asking about their finances. But they’re your parents. They won’t stop loving you. In fact, your relationship might become stronger.

If you have a good relationship with your parents, you likely don’t need to worry about offending them by asking about their finances. Richmond, who is in his 20s, found that having a money talk with his dad wasn’t the least bit awkward or uncomfortable. In fact, he said it was a relief to find out that his father was financially prepared for his retirement.

Shortly after his grandfather died in 2015, Richmond sat down with his dad on the porch one night and talked for hours about life, family, and finances. “We talked at length about how their house purchase was a huge stretch, how he prioritized saving for retirement while providing a great quality of life for us kids, and a few things he would have done differently along the way,” Richmond said.

Throughout the conversation, Richmond asked questions to get more information. “He was fairly open about the value of their house, the amount inherited from my grandpa, and what his plans for retirement were. I remember asking him specifically when he was going to retire and whether or not he was nervous about it,” he said. His father told him that he has saved enough to live comfortably without putting a burden on him or his sisters.

“That moment was incredibly freeing,” Richmond said. Since that day, the lines of communication have remained open. And the added benefit has been that Richmond’s dad has helped him learn how to manage his own finances, he said.

Fear: If my parents resist my efforts to talk, I’ll never be able to get them to have a conversation with me about their finances.

Reality: You might have to try and try again. But your parents may eventually come around and recognize that you’re just looking out for them.

When it comes to talking to your parents about their finances, you don’t get just one shot. And you certainly don’t have to tackle all of their financial issues at one time. In fact, it should be an ongoing conversation, as Whitney discovered.

When Whitney was having financial troubles in her marriage, her mother added her to her bank account so Whitney would have access to money if the going got really tough for her. After a divorce and a new marriage, Whitney got back on track financially. But her mother started having her own financial problems.

Whitney’s father had died, so her mom had lost her father’s Social Security income. But her mom continued to spend like she had two incomes, Whitney said. At one point, she checked her mom’s bank account to make sure everything was okay. The balance was \$0.

When she texted her mom to see if she needed money, Whitney’s mom texted back, “What are you talking about?” Whitney then called to let her mom know that she had no money in her account.

“She was horribly embarrassed and didn’t want to talk about it,” Whitney said. But Whitney persisted, and it opened the door to conversations about how much money her mom had coming in and how she was spending her money. She talked to her mom about how to distinguish between her needs and wants. And they went through all of her mom’s expenses and figured out what could be trimmed.

“It was a humbling experience for her to go through,” Whitney said. “Fortunately, she didn’t fight me. She was amenable to the conversation and was, quite frankly, thankful. I don’t think she realized how she was spending her money.”

Fear: I don’t know enough about this to even try.

Truth: This book will get you started.

People have to go through years of coursework and training, pass exams, and get the proper certification to become financial professionals and help others with their money. So how are you – the average person just trying to make sense of your own finances – supposed to start talking to your mom or dad about whether they've taken all of the necessary steps to get their finances in order? You might not even know where to begin or what to ask. Just thinking about financial stuff makes you break out in a sweat. So the idea of having a money talk with your parents is enough to bring on a full-blown panic attack.

Relax. Take a deep breath. That's why I wrote this book. You don't have to be a financial pro to talk to your mom or dad about money matters. I walk you through what to say and what not to say. I explain reasons your parents might be reluctant to discuss their finances with you so you can identify the best approach to take to start a conversation. Then I give you a variety of conversation starters so you can choose the one that works best for your situation.

You'll get tips on talking to your siblings so you can get on the same page and avoid fights over handling your parents' finances down the road. You will find out in great detail what information you need to gather from your parents. Plus, you'll learn the importance of legal documents such as wills, power of attorney, and advance health care directives – in a language you can understand.

You will find out how to broach tough topics such as long-term care. You'll also get strategies to help you get your parents to open up if they're reluctant to share details about their finances with you. And you'll find tips on what to do if your parents absolutely won't talk.

The aim is to make you comfortable and confident enough to have productive conversations with your parents that will benefit both them and you. And, honestly, it's not nearly as awkward as the birds-and-bees conversation. At least you won't leave the conversation thinking, "I did not need *that* image in my head."