

Destress moms finances and your life with these 5 simple tips

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Glossary of Terms

You've always had a sweet spot for your mother, loving all her quirks and special ways, from the gentle humor she used to teach you life lessons to the meticulous way she paid the household bills. Now, after a lifetime of proud independence, your mother—and your father, too—are reaching out for help managing financial affairs.

While you're honored by your parents' trust, their request may bring up a bittersweet mix of sadness, relief and hope. You're relieved mom and dad seem to accept changing circumstances and hopeful they will be open to **senior living options**, an option you think will **benefit their finances**, as well as their spirit.

Draw on your lifetime of experience and skills

As you focus your attention on financial caregiving, it's important to keep in mind this role is a critical one that requires a blend of administrative, financial and top-notch people skills. A **sensitive** topic like finances calls for tact, diplomacy and clear communication; so, nurturing your relationship with your parents and involving them in decisions should be top of mind—as should keeping your siblings in the loop.

Furthermore, and not surprisingly, attention to detail and a focus on organization will also serve you well. Here are a few pointers:

- Maintain clear, detailed and accurate records, documenting all financial transactions made on behalf of mom and dad.
- Locate and gather all pertinent financial documents, like bank statements, bills and insurance policies, filing them in one place.
- If your parents agree, set up online banking options, including: automatic deposit of all sources of incomes and automatic withdrawal for regularly recurring bills.
- Keep your own money separate from your parents.
- Determine an agreed upon process to reimburse your siblings and yourself for expenses paid on your parents' behalf.



Ensure this crucial document is in place



If your parents have asked you to help manage their financial affairs, chances are you have also been appointed as their **power of attorney** (POA) for property. If not, it's important to talk to mom and dad about this topic, as a POA is essential if you find yourself handling financial and government institutions on your parents' behalf. As this could potentially be an emotionally charged conversation, check out this **e-book on tackling tough topics** before you broach the subject.

Take note: setting up a **joint account** with your parents would allow you to pay their bills, it could lead to unintended obstacles down the road (for instance, should your parents pass away the funds in the account would automatically go to you).

Estate planning is another delicate topic, but it's recommended you discuss this subject with your parents, especially if they have not drawn up a **will**. If your parents need to find a lawyer, check out the **National Association of Elder Law Attorneys**.

Understand the big picture

To effectively manage your parents' affairs a thorough understanding of their finances is called for, so try to set up a meeting with your parents and their financial advisor. If your parents aren't working with a professional advisor, look for a local planner on the **Certified Financial Planner Board of Standards'** website. Finances can be a hot-button topic for some, and your family may welcome the third-party opinion of a financial planner.

Early in the game, you'll want to draw up a **net worth statement**, which shows the difference between what your parents own and what they owe. It also will give you clarity about your parents' financial situation. Start the process by determining if your parents hold any of the following assets:

- Bank accounts
- 401(k)s and other investments
- Properties
- Vehicles
- Valuables such as art, jewelry or collectibles

It's also a good idea to find out the cash value of insurance policies and whether your mom and dad own a safety deposit box (if they do, make sure to locate the key). It's important to establish your parents' liabilities, too. Find out if they have a line of credit, loans, mortgage payments or credit card or any other debt. If they do, determine the repayment schedule for each type of debt.

Create a budget

Putting together a household budget is another major task. Not sure where to start? Your parents' last income tax return should give you a good idea of their income, which may include



private or public pensions, Social Security and income from assets or rental properties. Typical expenses to consider when creating a budget include:

- Mortgage payments
- Heat
- Electricity
- Telephone
- Internet
- Cable TV
- Car payments



If your parents are choosing to age in place, for the time being, it's prudent to set aside money each month for an emergency fund, i.e., for home repairs, which can be hefty if your parents own an older home. Keep in mind that if either one loses mobility, the home may require additional modifications, which can be expensive. To get a handle on all of the hidden costs of aging in place, take a look at this [e-book](#) on the financial benefits of retirement living.

Be proactive about the future

Although your parents may intend to remain at home forever, health changes might make senior living an attractive alternative. If your parents are interested in retirement communities, start by investigating the costs of all senior housing options. Next, establish whether they have **long-term care insurance**, a form of an additional source of income should they require care. Some people believe senior living is beyond their financial means, but **this option is often less expensive than living at home**.

Beyond financial assistance, there are many ways a senior living community can provide relief to a family. Explore the financial, health and personal benefits by downloading a complimentary e-book, "[7 Unexpected Benefits of Living in a Senior Living Community](#)."

Was this article helpful? Check out our other [senior living articles](#) on additional topics like senior health, wellness, activities, lifestyle, and more.

Our Communities

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Arkansas	Illinois	Michigan	New Jersey	South Carolina	Wyoming
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