MANAGING SENIOR FINANCES:
STEPPING UP TO HELP YOUR PARENT
When Mary Meyer’s then 80-year-old parents began losing control of their finances, neither she nor her six siblings had any idea, she told *U.S. News & World Report* a few years ago. “At some point, they lost track of the amounts they were spending and weren’t paying bills on time, if at all.” Meyer’s mom had suffered a stroke nearly a decade prior, and her father was diagnosed with colon cancer five years later. But there didn’t seem to be any financial warning signs.

“We made the mistake of thinking everything was okay, because my parents sounded okay,” Meyer told *U.S. News*.

When she and her sisters saw bills going unpaid in 2012, Meyer assumed control of her parents’ finances. Her advice for others who are watching their aging parents or other loved ones go through the same thing is twofold. First, take initiative and ask questions. You might start by observing that the economy is rough these days, and ask your parent if everything is okay with the bills. If necessary, follow up in a blunter fashion and ask if your parent has sufficient savings to live on.

But at the same time, Meyer advises adult children to be sensitive. “Parents don’t want their hands slapped by their children when it comes to managing their money,” she said.

Helping without hand slapping is what we call “stepping up” without invasively “stepping in,” and it requires a delicate balance. On the one hand, you want to help your aging parent navigate lifestyle and living decisions. But you also want to protect your mom’s or dad’s autonomy and happiness. Luckily, you don’t have to reinvent the wheel. Much can be gleaned from collective wisdom and experience.

Holiday Retirement surveyed more than 500 adults ages 53-71 in an online survey in March 2017. We asked about the degree to which, if at all, they manage or help manage their parent’s or other aging loved one’s finances. We talked to respondents about what they think their parents need the most, how financially prepared they are, and what techniques they use to assist without meddling.
As William Power, a *Wall Street Journal* editor, looked out on his and his wife’s “once-usable sofa, covered with her parents’ financial papers from the 1960s to now” – nearly all of the documentation offline – he reflected last year that “These are the kinds of elder-care issues that people talk about, but until you have lived it, you don’t truly realize all that is involved – not even someone like me who has spent decades as a financial reporter.”

“My mother-in-law, who used to be a checkbook whiz, and my father-in-law, who had carefully kept decades of paperwork, conceded they needed help. It is such a relief, my father-in-law says now, that he doesn’t have to worry about the grind of family finances,” Power adds. “He also says he’s fine with me writing this article, since he is proud of his daughter’s efforts and hopes others can learn about getting their finances in order before it is too late.”

That’s a kind of learning a lot of adult children have to do, and often quickly.

**DEMOGRAPHICS**

Of the 509 respondents, nearly half (217) either managed or helped manage finances for a parent or aging relative. Nearly twice as many (28 percent) assisted rather than directly managed (15 percent), and almost 300 of the respondents (57 percent) neither managed nor helped manage an aging loved one’s finances.

The demographics of those who help manage or directly manage finances for their parents or other aging loved ones were more similar than dissimilar, and some of the subsections in our survey got so small that there is a danger of overstating some differences. But women were slightly less likely than men (25 percent to 31 percent) to help manage an aging loved one’s finances; both were equally likely to manage those finances directly.

Age, too, had less of an impact than one might imagine. The oldest respondents (67-71 years of age) were likeliest to manage or help manage an aging loved one’s finances, but the second youngest respondents (58-61 years of age) were close behind.
Regional demographics were largely not a factor, nor was race for the most part.

Nearly seven times as many respondents were white as were either black or Hispanic: 385 white, compared to 58 black and 56 Hispanic respondents.

In households that earned less than $50,000 annually, adult children were slightly likelier to manage an aging loved one’s finances, (while adult children who earned more than $100,000 tended to manage those finances more than those who earned less.)

Those who either helped manage or managed a parent’s or other loved one’s finances tended overwhelmingly to spend time doing that in a typical week (93 percent).

Adult children who live on the coasts were more likely to devote less than an hour in a typical week to financial assistance and management.

BROADER CONTEXT

Projecting forward, it is easy to imagine that adult children will increasingly need to step up and help with financial caregiving. Fraud and scams are sure to continue to plague older adults, and the scope of the problem is enormous. “Financial Elder Abuse Costs $3 Billion a Year, Or Is It $36 Billion?” asks a 2015 Consumer Reports article; either way, it is far too large a number. The FBI’s scams and safety webpage notes that “Senior citizens especially should be aware of fraud schemes,” and a recent New York Times article notes that “As the number of older, wealthier people grows, so does the number of people eager to prey on them.”

As a generation of people who are not saving sufficiently for retirement comes of age, their children will need to play a larger role in assisting. “Seventy-one percent of Americans say they do not have enough retirement savings,” reported a fall 2016 Washington Post article, citing recent research. A March 2016 TIME magazine article adds that one in three Americans has saved no money at all for retirement, adding that 23 percent has saved less than $10,000 for retirement.

If 43 percent of our respondents now help manage or directly manage their parents’ finances, it is easy to imagine that the number is poised to increase in the future. It is important, therefore, to identify the signs that it might be time to step up as an adult child and offer to assist your parent.
WHEN TO STEP UP

Our research here at Holiday demonstrates three signs that it may be the right time for you to consider stepping up and helping your aging parent or other loved one.

Respondents cited three main reasons why they stepped up:

1. Either their parent or other loved one asked for their help, or was not interested in managing his or her own finances.

2. The aging loved one has diminished capacity, such as from dementia or Alzheimer’s.

3. The parent or other loved one is mismanaging finances in a way that affects his or her livelihood.

WHAT THE DATA SAYS

Among the 217 respondents who help manage or directly manage their aging loved one’s finances, most (64 percent) were asked to help—and here’s why.

Age, region and race largely did not impact demographics, with several exceptions:

• Respondents in the West were likelier than counterparts in the South, Midwest and Northeast to cite diminished capacity as a factor.

• Those in the West were also significantly less likely than their counterparts to say that the aging loved one was not interested in managing his or her own finances (4 percent, compared to 13, 20 and 26 percent in the Midwest, South and Northeast respectively).

• Black respondents were less likely to cite a lack of interest on the part of their aging loved one in managing finances as a reason than were white and Hispanic respondents.

Household income also informed the likelihood that adult children would report if their aging loved ones mismanaged their finances.

Why respondents were asked to help with finances

- Diminished capacity: 29%
- The aging loved one didn’t want to manage his or her own finances: 16%
- There was mismanagement affecting the aging loved one’s livelihood: 16%
- Other reasons: 3%
AND responDENTS REPORTed DIFFerENT CONCERNS about THEIR LOVED one’s FINANCES.

**Major concerns about loved one’s finances**

<table>
<thead>
<tr>
<th>Concern</th>
<th>Not Concerned</th>
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<tr>
<td>Parents would be scammed</td>
<td>33%</td>
</tr>
<tr>
<td>Parents would not be able to afford senior or retirement living options</td>
<td>44%</td>
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<tr>
<td>Parents would lack sufficient savings to maintain lifestyle</td>
<td>47%</td>
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<tr>
<td>Parents would not be able to afford medical bills or care</td>
<td>48%</td>
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<tr>
<td>Arguing with siblings about how to handle parents’ finances</td>
<td>45%</td>
</tr>
<tr>
<td>Parents’ financial affairs are not in order</td>
<td>54%</td>
</tr>
<tr>
<td>Having to subsidize parents</td>
<td>53%</td>
</tr>
<tr>
<td>Damaging relationships with parents by getting involved in their finances</td>
<td>57%</td>
</tr>
<tr>
<td>Would not know how to help manage the finances</td>
<td>53%</td>
</tr>
<tr>
<td>Parents would not leave them any money</td>
<td>75%</td>
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WHEN TO STEP UP

PROJECTING FUTURE TRENDS

One of adult children’s concerns in particular, that parents or other aging loved ones have diminished capacity, perhaps due to dementia or Alzheimer’s, is consistent with broader research. A recent Washington Post article notes about 5.4 million people in the United States live with Alzheimer’s, citing Alzheimer’s Association statistics. “It’s important for people to have some awareness that financial problems can be some of the most notable [dementia] symptoms,” Nina Silverberg, program director of the National Institute on Aging’s Alzheimer’s Disease Centers Program, told the Post.

In 2015, Barbara Macari explained to a Dallas Morning News reporter how surprised she was when her then-74-year-old husband, who had always managed the couple’s finances and investments brilliantly, suddenly told her that he did not understand money anymore. “I was just shocked because this was something that he had always handled, and handled it beautifully. He made a lot of money on investments. He was smart, he was astute, he was careful, and all of a sudden, he didn’t understand anything,” she said. “He can no longer write checks.” Two months later, her husband Frank was diagnosed with Alzheimer’s.

Over the next 15 years, with 10,000 people turning 65 each day, the problem is expected to exacerbate exponentially, the Dallas Morning News article notes. “It’s like a 2,000-pound elephant. Where do you start? Poor financial decision-making and financial exploitation, financial elder abuse are rampant,” a neurology professor adds in the article.

“People who grew up in the 1930s, 1940s and 1950s were generally raised to be polite and trusting. Con artists exploit these traits, knowing that it is difficult or impossible for these individuals to say ‘no’ or just hang up the telephone.”

- FBI “Fraud Against Seniors” Website

And even under circumstances where aging seniors do not have dementia, they can still fall prey to scammers. “People who grew up in the 1930s, 1940s and 1950s were generally raised to be polite and trusting,” as the FBI “Fraud Against Seniors” website puts it. “Con artists exploit these traits, knowing that it is difficult or impossible for these individuals to say ‘no’ or just hang up the telephone.”

This means that stepping up, without stepping in, is going to be increasingly important, which begs the question: How can stepping up be effective and respectful?
Our survey data pointed to five ways that adult children can step up and help an aging parent or other loved one, affectionately known as our “step up portfolio.” Three of these tips are do-it-yourself, and two focus on enlisting others’ help. And of course, every older adult is unique, so you will likely want to tailor some permutation of these, and perhaps other tips based on your family’s circumstances.

In the DIY category, consider the following three recommendations:

1. PLAN

Planning ahead is generally a wise strategy, which can save time and money, and alleviate the stress and burden of making tough decisions in a rushed period of time down the road. The research bore that out as well for financial caregiving. We asked the 509 respondents what they thought the best financial decision their aging parent or other loved one has made.

### Baby boomers’ thoughts on their aging loved one’s best financial decision

<table>
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<tr>
<th>Provision</th>
<th>Percentage</th>
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<tr>
<td>Said their parents had provisions for retirement or senior living</td>
<td>41%</td>
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<tr>
<td>Said their parents had done estate planning, including setting up a trust and prepaying for a funeral or for burial insurance</td>
<td>14%</td>
</tr>
<tr>
<td>Said their parents were free from debt</td>
<td>9%</td>
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0% 10% 20% 30% 40%
2. MONITOR

Everyone can always use a second pair of eyes to look over their financial plans and records, and your aging parent is no exception. Monitoring or helping monitor your parent’s finances can help identify opportunities or challenges that your parent would not be able to discern on his or her own. In addition to planning ahead, respondents discussed monitoring and managing finances for their aging loved one.

3. MANAGE

Stepping up to manage your parent’s or aging relative’s finances may be the ideal option for your family as it is for many others. More than half (51 percent) of the 217 respondents who either managed or helped manage an aging loved one’s finances pay their parents’ bills directly; 42 percent have financial power of attorney; and 41 percent share a joint bank account with their parents or other aging loved ones.

As one might expect, baby boomers in the oldest age group (67-71 years old) were the likeliest by a wide margin to directly pay bills and to have financial power of attorney. They were also as likely as other respondents to have access to their aging loved one’s bank accounts and to have joint bank accounts.
HOW TO STEP UP

When it came to soliciting outside help, respondents cited two main sources of assistance:

1. Hiring an Estate Manager

Forgoing expert advice here – at least in the form of having an expert review your plan – can be very costly, notes an AARP estate planning guide. “Ninety percent of the online estate-planning documents I see don’t do what the people think they’re going to do,” an estate planner and attorney told AARP. “I’ve seen people use online documents, documents out of estate-planning books or documents borrowed from friends. But they screw up their estate plan because they don’t understand the legal and technical aspects of the documents.”

“An estate plan makes your parents’ intentions crystal clear, which helps avoid conflicts among family members after they’ve passed away,”

-Fidelity

Among the mistakes that planner had seen were the signing of a deed that transferred a house to an improperly created trust (“Thus, the deed had no effect.”), and confusion over the term “beneficiary,” which transferred a man’s home to his children, required him to pay them annually, and left his wife empty-handed.

Key steps are to create a will – which 64 percent of Americans have not done, for a variety of reasons – and designating IRA or 401(k) beneficiaries, notes another AARP guide. “A will and up-to-date beneficiary information will suffice for most estate plans, but if you have substantial assets or especially complex circumstances, you may want to consider a trust,” it adds.

“An estate plan makes your parents’ intentions crystal clear, which helps avoid conflicts among family members after they’ve passed away,” adds Fidelity.
2. Hiring a Financial Planner

Enlisting a financial planner is one of the tips for managing your parents’ finances that Bankrate recommends. “If your parent develops dementia or could require care for many years, get as much outside help as you can,” it states, quoting a financial planner. “Financial planners, tax preparers and attorneys can help you avoid common (and often expensive) financial mistakes. They can also help you decide how best to budget your parents’ money or determine whether your ill parent could outlive her money. That way your siblings may feel more comfortable knowing that you’re not trying to manage your parents’ financial affairs on your own.”

“If your parent develops dementia or could require care for many years, get as much outside help as you can.”

-Bankrate

“Like it or not, you now need to become a financial detective,” that planner adds. And you may need all the help you can get.

When it comes to aging parents, “When money’s involved, the question ‘What is a financial planner not appropriate for?’ will give you a shorter answer than the other way around,” notes U.S. News & World Report.

Hiring someone to help was a highly unusual step among survey respondents. Just 5 percent of respondents had hired an estate planner, and only 3 percent had hired a financial planner.
AN OPTION THAT SIMPLIFIES

In our survey, 41 percent of respondents said that the best financial decision their parents had made was a retirement or senior living provision. Three percent cited their parents moving into an assisted living, senior living community or nursing home.

A 2014 Consumer Reports article noted that 55 percent of respondents to its survey of 2,066 Americans aged 50 or older wanted to stay in their own homes. But the article, citing AARP data, added that only half of seniors felt their homes could accommodate their needs “very well” as they grew older, and 12 percent thought their homes were “not well” or “not well at all” appropriate for their needs as they grew older.

William Senior, the founding editor of Kiplinger’s Retirement Report, interviewed last year with the publication he founded. Senior, then 89, talked about how he waited to list himself and his wife, then 85, on a waiting list for an assisted living community. After a year, his wife, Lorraine, fell and broke several bones. “I should have followed my son and daughter’s advice and moved more quickly,” he said. Maribeth Bersani, COO of Argentum, the national association for assisted-living facility operators, told Kiplinger’s that Senior’s story isn’t unusual. “It is usually a crisis-driven decision,” she said.

“Most of us want to stay in our homes as long as possible. But if assisted living may be in your future, do some preliminary shopping both locally and in an area to which you may move, to be near your children, for example,” the article adds.

That’s good financial advice more broadly as well. It is a great idea to own an umbrella for inevitable rainy days. Just about the worst time to run around looking for one is while you are already getting drenched.

OPENING LINES OF COMMUNICATION

In her recent article, “Signs your aging parents need help managing their finances,” Sarah Skidmore, the Associated Press’ personal finance writer, acknowledges that starting the discussion with a parent can be difficult. “If initiating the conversation about someone else, do so gently. Ask them where basic documents such as a will are stored, or if they even exist,” she writes. “Another effective tactic is to start by saying ‘I’m thinking of doing X, Y or Z for myself, what have you done?’”

An article in The Wall Street Journal called it “Having the ‘Money Talk’ with Aging Parents” a few years ago. “Many feel it is not their place. But doing so—and doing it right—is important to protecting both family assets and relationships,” the article notes.

“"If initiating the conversation about someone else, do so gently. Ask them where basic documents such as a will are stored, or if they even exist."

-Sarah Skidmore

“I urge my clients to say something like, ‘I just met with my financial planner (or estate planner) and she brought up a few questions about my own estate that made me wonder if you also have these issues,’” one expert says in the Journal article. “I would appreciate your insight on these issues, and I also want to see if you need help in any of these areas. Can we sit down and talk about this on Tuesday at 6 p.m.?""
If you are about to tackle becoming a financial caregiver who steps up rather than stepping in, here’s a checklist help you get started.

**IF YOU WANT TO HELP YOUR PARENTS PLAN AHEAD:**
- Identify your parents’ financial goals (saving, paying off debt, leaving an inheritance for relatives or other objectives).
- Weigh the cost benefits of aging in place vs. moving to a senior living community. The retirement cost of living calculator can help.
- Consider enlisting the help of a financial planner and/or estate planner to create a plan to achieve your parents’ goals.
- Create a will and/or trust.

**IF YOU WANT TO HELP YOUR PARENTS MANAGE THEIR FINANCES:**
- Consult with an attorney to understand the legal implications of managing your parents’ finances.
- Consider seeking financial power of attorney.
- Take inventory of all of your parents’ financial accounts, bills and daily expenses. Create a budget.
- Look into bill paying and money management services, such as SilverBills, True Link, Mint and Paytrust.
- Contact your parents’ financial institutions to learn how you can gain access to them.

**IF YOU WANT OTHER RESOURCES:**
These organizations can help you find the resources you need to get started:
- AARP
- American Academy of Estate Planning Attorneys
- American Association of Daily Money Managers
- Consumer Financial Protection Bureau
- National Academy of Elder Law Attorneys
A variety of tipping points occur in an older adult’s life. For many adult children, these tipping points can be the impetus for them to step up. From finances to life events, Holiday can be your partner as you navigate the path of stepping up in a way that best suits your aging parent’s or other loved one’s needs and lifestyle. And simply getting started is the best place to begin. Find helpful resources and valuable information at HolidayTouch.com.

ABOUT HOLIDAY RETIREMENT

Since 1971, Holiday Retirement has endeavored to provide its signature “Holiday Touch” to residents and their families. Today, Holiday is a trusted name in senior living and provides security, comfort and value to independent seniors seeking a fulfilling lifestyle. Holiday operates more than 300 retirement communities, making it the second largest senior housing operator in the United States. For more information about Holiday Retirement, please call a community near you. Holiday’s 300+ communities can be found on the company’s website at www.holidaytouch.com.

ABOUT THE SURVEY

Holiday Retirement commissioned a survey of American baby boomers to gain an understanding of their financial concerns about their aging parents or other relatives. The research was conducted by ORC International, a collaborative and consultative research partner to hundreds of organizations around the globe. The survey was live March 14-19, 2017, and conducted among a sample of 1,000 adults between the ages of 53 and 71. Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls.