FAMILY FINANCES

Helping Aging Parents With Their Money

WHEN KELLY MCBRIDE STARTED GETTING TEARFUL CALLS from her mother saying she couldn't balance her checkbooks, she knew something was changing.

"My mother had always been the family bookkeeper and keeper of the cash," says McBride, 61, of Sarasota County, Fla. "She used to reconcile her bank accounts every month like clockwork."

When McBride, who works in public relations, looked at the accounts, she saw missed and double entries.

Her mother panicked when she received calls about expired warranties or other scams and was fearful that she gave too much information to potential fraudsters.

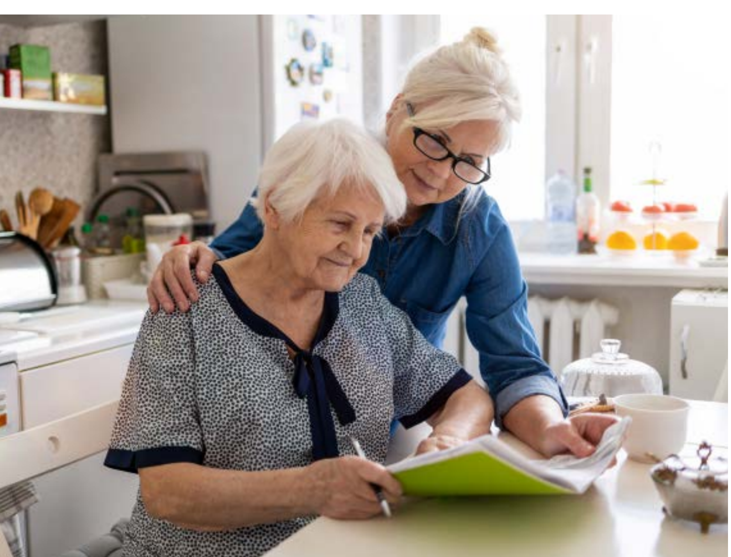
Becoming a Financial Caregiver

McBride, who shares a house with her 87-year-old mother, has become a financial caregiver. She checks her mother's bank accounts. She canceled some credit cards and got rid of the landline. Both her mother and she give out only McBride's number.

It's a role many grown children are familiar with. And while it usually goes hand-in-hand with other concerns about aging parents, such as driving and living alone, it carries its own distinct worries.

First of all, the failure to pay bills could mean loss of heating, electricity or even housing. Another is that an older relative could be taken in by a scam. Elder fraud is rising "at an alarming rate while the loss amounts are even more staggering," the FBI reported in 2021.

In addition, money is often one of the hardest things for people to talk about, especially with their parents.



"A lot of families don't have good financial transparency," says Carolyn McClanahan, a doctor and a certified financial planner with Life Planning Partners in Jacksonville, Fla. For that reason, she says, it's vital that families start talking about these things early, "while people are healthy and their brains are working right."

But in many families, such communication doesn't happen—or it doesn't happen soon enough. That was the case with Lyndsey Monahan, 41, of Frisco, Texas. Her father was a farmer in rural Illinois and she noticed a gradual decline when he was just 58 years old.

She had a strained relationship with her father. But Monahan noticed during phone calls that he talked about eating out a lot more; this was also the time of his separation from his second wife.

When she flew home for Thanksgiving, she discovered a kitchen island covered with mail, unusual because her father "was the kind of person, if bills came in, he would immediately open and take care of them." She found overdue bills for utilities and, in some cases, disconnection notices. It was winter in Illinois, and she was worried.

"I called the gas company and this being a small town, the person on the other end knew me," she says. "He told me, 'I was concerned about your dad—he doesn't usually have late bills.' That's when I realized I had to step in and take over the finances."

Essential Financial Tools

It's always a good idea to make sure your parents have given the person designated to be in charge of the money a financial power of attorney, in order to access and manage their accounts. However, such rights don't mean you should simply sweep in and take over should it become necessary.

"You have to use it with care and judgment," says Cindy Golub, 67, of G-Squared Advisory in Mamaroneck, N.Y., a fee-only financial planning firm.

Golub not only advises clients on these issues, she has personal experience. She noticed about eight years ago that her mother began slipping: a late rent bill here, investment statements in random drawers there. This was very unlike her independent mother, who worked as a teacher and owned an antiques business until she was in her eighties.

GETTY IMAGES

Golub said that she had to play a little on her mother's fears in order to help her, warning that if rent wasn't paid, she could get kicked out of her apartment. Then with her mother's permission, she automated everything and started paying all her bills.

She also did something she suggests to clients in similar situations: She put a freeze on her mother's accounts with the three major credit agencies, so nobody could fraudulently open a bank account or credit card in her name. This can be done without permission, as long as you have the person's Social Security number.

Keeping a watchful eye, while still allowing some dignity and independence, is key, says Lee Perlman, 64, a New York health advocate who has managed the finances of his 89-year-old mother-in-law for six years.

Financial planner McClanahan suggests it can help to think in terms of "big money" and "little money."

"When somebody's starting to have trouble, they can still have control of how they spend their money," she says. "But don't let them be in charge of, say, a big brokerage account. And if they have a checking account, limit it to a few thousand dollars that they can spend as wanted."

Sharing the Responsibility

Thinking in terms of different financial buckets can also be good for siblings, who can then split the management, if possible, says Lindsay Jurist-Rosner, chief executive officer of Wellthy, a New York City-based company that helps people manage and navigate caregiving. "It can be a healthy process to delegate activities to different adult children."

Of course, not all sisters and brothers get along well; in the case where there is infighting on money management, experts suggest bringing in a professional—a social worker, a financial planner, an accountant—to mediate.

But often the rest of the family is all too happy to have one of them handle the elder person's finances and annually go over their money situation with other family members. This is true for Perlman, who reviews his mother-in-law's finances once a year with her three daughters.

"I make sure she gets all the deposits she's entitled to, such as pensions and Social Security," Perlman says. "Since Social Security just increased, I'll make sure she received the increase."

For Monahan, things went a little less smoothly. She agreed to take care of all her father's household bills and gave him a debit card with a limit of $200 weekly. But she saw transactions of $200 every few days and took his debit card and checkbook away.

Not every older person has someone who can step in and help them with their finances, and not every grown child is able or willing to do it. If that's the case, another option is to turn to a trusted professional, typically an accountant, an attorney or both. There are also companies that offer those services; SilverBills, for example, provides such services starting at $50 a month. Another option is to find a service through the American Association of Daily Money Managers.

Any outside agency needs to be researched. Make sure the company is insured and bonded.

For most families, however, keeping finances on track as parents age will be a family affair. It's often not easy, and how much you need to do evolves over the years. As Golub advises: "Be kind and be persistent. Tell them how much more relaxing it will be, how they took care of you and you want to help take care of them." **K ALINA TUGEND**

Lessons Learned

Many people in their fifties and sixties are caught in the middle. Even as you find yourself assuming responsibility for your elderly parents' finances, you should prepare for the time when you will need to turn to your own grown children for financial caregiving.

It's not easy. But don't make the same mistakes all over again. Here are some lessons you can learn from dealing with your parents for when you are in their place:

- **Plan ahead.** Bring up potential financial problems and solutions yourself. Don't wait for a crisis or for your children to bring up their concerns.
- **Don't get defensive.** Your children are concerned because you aren't handling matters as well as you once did.
- **Be creative.** Figure out a way to ensure your money is protected, but hand over financial management as soon as it's clear to your children and others that financial caregiving is necessary.
- **Do you want spending money?** Some autonomy? When the time comes to hand over your financial dealings, you can insist on a small, manageable allowance or a credit card with a low limit.
- **Seek outside help.** A neutral professional can set up a plan. That's especially helpful if your children are estranged or can't agree on matters concerning you and your finances.