

Five Ways to Avoid Financially Supporting Aging Parents

Unless you have spent considerable time with your parents and are aware of how they manage their finances and resources, it is likely you will end up contributing financially to their retirement and healthcare needs. This will significantly affect your retirement planning not to mention your time, family relationships and your career. While children are generally supportive of caring for aging parents and many would not change anything about the time, effort and financial support provided, with proper planning this support does not have to be a personal or financial drain. Be prepared to open the discussion. This is difficult subject matter that many people put off or put aside to focus on other priorities like raising children and funding college. However not planning for long term care often results in crises and stress later in life. This type of planning is just not for our parents it is for us because accidents and health care issues occur throughout life. Most of us feel psychologically young while our bodies chronologically age. It is this unexpected chronological aging that catches us off guard. We approach our fifties and our body parts begin to fail due to overuse, especially in those who have been very active like distance runners or those who ski. Or we are diagnosed with high blood pressure or diabetes and we may be destined to take medications the rest of our lives. Our parents face the same chronological issues on an accelerated level. Hip and knee replacements are common as are the increased number of medications older adults often take. And how well your parents cared for themselves when they were younger will have a direct effect on their ability to age with or without significant health issues. After age 65 a stay in a nursing home is common whether it be for short term rehabilitation or to recover from a medical emergency. Most older adults have excessively negative memories of nursing homes because their parents or older family members may have been placed in the "home". The skilled facilities of today have come a long way in dispelling this old impression, however many people do not want to live the last years of their lives in a nursing home. All the better reason to make a long term care plan now. We often see our parents as the authority, however depending on their level of education and experience in the world, we may be the actual authority. Children are often better educated than their parents and more familiar or at least aware of financial planning and insurance products. I was surprised when I learned after my mother's death that she never knew how to balance a checkbook. She was just good at making sure there was always enough money in the account to pay the bills. Here are five steps you can take to avoid financially supporting aging parents. If you are already at the point of crises, many of the discussion points still apply, however you may have to make other hard choices about finances because long term care insurance may no longer be an option due to health reasons.

1. Have a discussion with them about their finances. Many parents feel this to be an invasion of privacy but they might understand if you tell them that you are making your own long term plan and want to make sure that they are equally prepared for retirement.
2. Take them with you to a financial planner and while you are there share information and make your own plan to stress the importance of proper planning with your parents. Set an example.
3. Prepare budgets. Have a realistic discussion of available finances and the costs of long term care. Look at expected monthly retirement income versus available monies to pay for unplanned hospitalization or skilled nursing facility co-pays. If there will not be sufficient funds available for unexpected expenses, consider long term care insurance which pays for home care, assisted living and skilled facility care.
4. Discuss life insurance if this has not already been purchased. It could mean the difference between having a paid off mortgage or not, in addition to paying for funeral arrangements and paying off other bills.
5. Follow through with finalizing a plan. If you wait too long some options may no longer be available.

About the Author

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