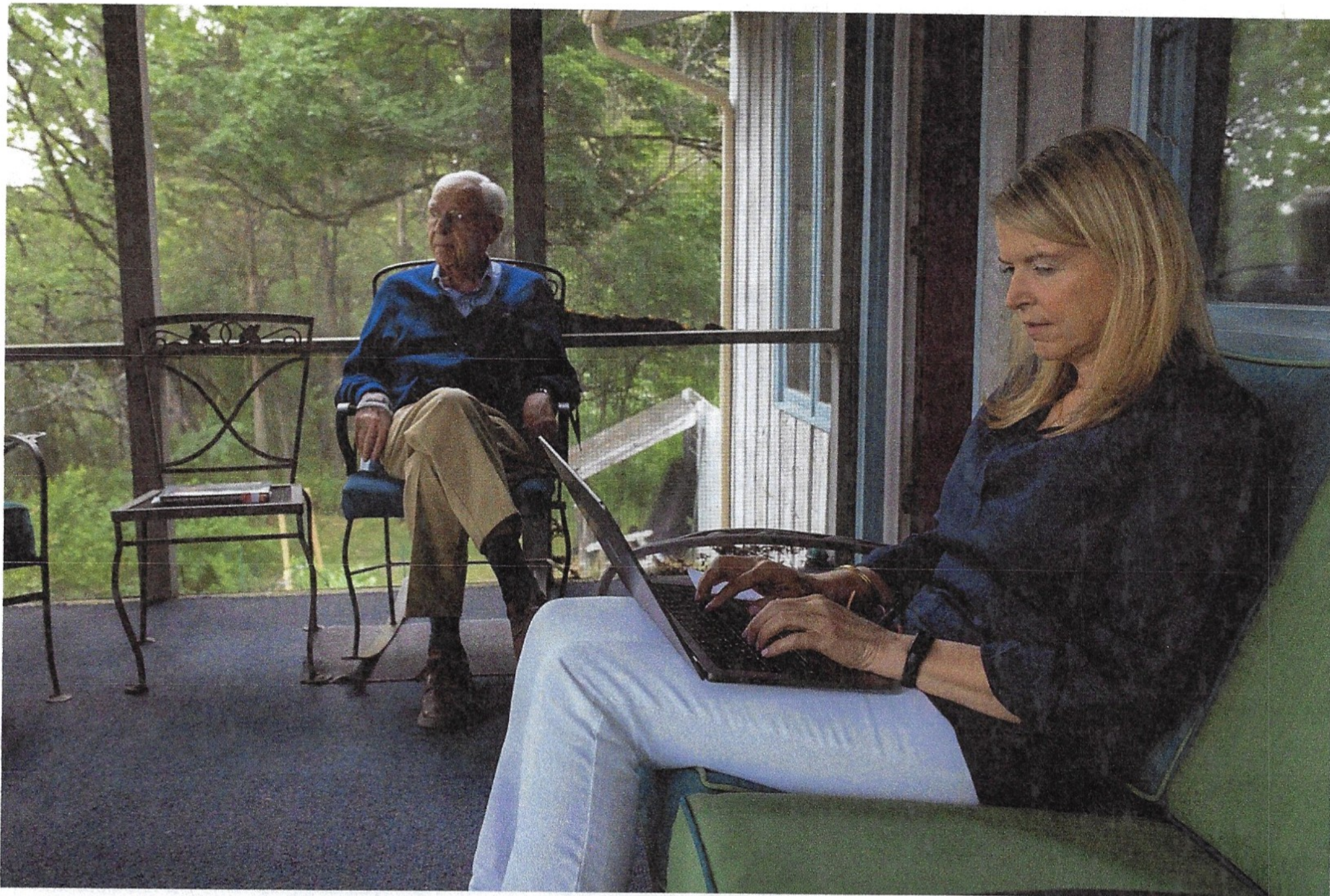


A checklist for managing your aging parents' money



Cathleen Tobin, right, with her father Ed Tobin at their home in Rhinebeck, N.Y., on May 29. Tobin, a financial planner, has been assisting her father with his finances. DAVE SANDERS — THE NEW YORK TIMES

BY LISA RABASCA ROEPE

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Nothing truly prepares you for the day you're sitting across from your aging parents, trying to piece together a financial picture they have spent a lifetime most likely keeping private. For many adult children, that conversation often comes too late, set off by a diagnosis that changes everything.

Mine came when we learned that my 86-year-old father had dementia, and I was living 200 miles away from my parents. I am an only child. And I had no idea if they had enough money to pay for a home health aide and memory care.

I knew that my father had a pension, that he and my mother collected Social Security and that they had a generous health insurance policy. I knew nothing more.

Eventually my mother revealed something big: She had managed to sock away half a million dollars. When my parents sold their house on Long Island, N.Y., and moved to a 55-plus community in New Jersey in 1998, she realized their tax bill had plunged. She opened a money-market account and saved the difference every month.

Her financial discipline floored me. I stopped worrying about paying for their care, and I started planning for them to move to a senior living community a mile from my home. But I skipped the most important step. Instead of asking my mother what she wanted, I told her what she needed. That mistake shut down our conversation.

Experts who work with aging parents and their adult children say this is one of the most common mistakes the children make: treating their parents' crisis as a problem to solve.

"Lead with love, not logistics," said Jessica Smith, a co-founder and an adviser at Vitality Wealth in Boise, Idaho. Before getting into paperwork and bank accounts, ask your parents what they want and how you can support them, she said.

Here are five ways adult children can prepare to help manage their parents' finances, regardless of how much the parents may have been able to save.

Start talking early

Parents often hesitate to talk with their adult children about their finances, but that's not always because of distrust or secrecy, said Ashley Quamme, a financial therapist and founder of Beyond the Plan in Augusta, Ga.

"The underlying thought is often, 'If I admit I need help, then I'm admitting I'm declining,'" Quamme said.

Yet it's essential to start these conversations before a crisis hits, particularly if you're noticing a change in a parent's health. "I've seen too many families try to get this in place when it's too late, and it becomes much more difficult and expensive to properly represent loved ones," said Ben Smith, the founder of Cove Financial Planning in Wayzata, Minn.

Having that conversation can be challenging, and the onus is often on adult children to broaden the discussion, said Cathleen Tobin, the owner of Moonbridge Financial Design in Rhinebeck, N.Y.

Tobin, 53, and her 92-year-old father, Ed Tobin, started talking about his finances about eight years ago after a national retailer announced a major customer data breach. Cathleen Tobin used the news as an opportunity to ask her father if he had a credit freeze and offered to show him how to get one.

"Helping your parents in small ways builds trust and normalizes your involvement," she said.

Their conversations deepened in 2021 after Ed Tobin fell for an online financial scam. After that incident, he agreed to share his account passwords with her so they could both watch for unusual transactions.

The ways you help will increase gradually, Jessica Smith said. Initially, your parents might continue to manage their own finances while you check in occasionally. When you notice it's becoming harder for them to manage, suggest working through their finances together, she said. When it becomes frustrating for them to steer things on their own, offer to take on the task while still giving them control by saying, "I'll manage this for you and report back."

Understand their budget

Once your parents are open to talking, find out where they bank and how they pay their bills. Don't be surprised if they still receive paper statements and pay bills by check, said Dinon Hughes, a partner at Nvest Financial in Portsmouth, N.H.

Print the last 12 months of statements from their accounts and credit cards to determine what money is coming in, how much is going out and which bills are paid monthly, quarterly or annually, Tobin said. Figure out if your parents still get paper pension and Social Security checks or if the funds are deposited directly.

Get account access

When it becomes harder for your parents to manage their finances, ask to become an authorized user of their accounts. This will allow you to deposit, withdraw and transfer funds; pay bills; and create a unique user ID and password to manage their accounts, Jessica Smith said. However, when your parents die, the accounts will default to either the listed beneficiary or the heir named in the will or could wind up in a court-supervised legal status called probate. (This can take many months to play out.)

Adult children often push their parents to add them as a joint owner to every account possible — bank accounts, utility bills, credit cards and sometimes even their investment accounts and mortgage — but that has serious implications, Hughes warned. He recommends becoming an authorized user rather than a joint owner because once you're added to these accounts, they legally become yours. That means that your creditors or anyone suing you can tap those assets, Hughes said.

Becoming a joint account owner may have tax consequences. If your parent's account has a value greater than \$19,000, which is the annual gift exclusion set by the IRS, your parent must file a gift tax return, Smith said.

Power of attorney

A durable power of attorney is a legal document that empowers a trusted person to make financial and healthcare decisions on your behalf if you are alive but incapacitated. Most people are familiar with a healthcare power of attorney, or POA, because it's often done when you draw up a will, but many people don't realize that a healthcare POA doesn't allow you to make financial decisions for someone else, Ben Smith said. For that, you need a durable power of attorney.

A 2025 Family and Finance study by Fidelity found that only 41% of parents anticipate that their children will have financial power of attorney. Most spouses name each other as POA and don't designate a backup, Hughes said. He strongly recommends naming at least two people as POA, because if only one person is named and that person dies, that document becomes null and void. In that event, the original document would need to be updated, signed and notarized. And if you're incapacitated, he said, the courts may need to intervene to appoint a legal guardian — which could take time and money.

If your parents are reluctant to let you invoke the durable power of attorney, their lawyer can hold the physical document until its use becomes necessary, Tobin said.

Verify wills are current

The Fidelity study found that only 70% of parents feel confident about their will and estate plan. Your parents may have created a plan a decade ago and are no longer sure it's the right plan anymore, because there are new spouses and grandchildren, said Ryan Viktorin, a certified financial planner and financial consultant at Fidelity Investments.

Even if parents have a will, it's important that they name a beneficiary for every account, such as 401(k)s and brokerage accounts, Jessica Smith said. Otherwise, that account will go to probate, and the family would not be able to use that money to pay debts or funeral costs for six to 18 months, she said. Reassure your parents that you don't need to know who is listed as a beneficiary, she said, just that beneficiaries are designated.

