

What Gen X Needs to Know About Their Aging Parents' Finances

These six steps can help future caregivers know where aging parents stand financially as well as help them to avoid surprises that could imperil their own retirement.



(Image credit: Getty Images)

According to a report from the National Caregiving Alliance, more than 11 million Americans are caring for an adult family member while also raising children at home. This sandwich generation, primarily comprised of Generation X couples, faces the challenge of balancing multigenerational family responsibilities while catering to their own retirement planning needs.

Parenting is neither cheap nor easy. When you layer in the unplanned expenses that can come with supporting elderly parents, the situation can quickly derail or delay a couple's retirement plan. Yet, according to a Wells Fargo survey, over a third of Americans with aging parents have not discussed their parents' current or future financial situation.

That is why Gen X needs to understand their parents' finances intimately. So here are some practical steps Gen X should take, ideally while their parents are still living independently, to empower themselves and their aging parents while helping to avoid unpleasant financial surprises in the future.

Know what assets they have

The first step in understanding your parents' finances is to know what assets they have. This includes any retirement accounts, investment portfolios, real estate and other assets that may be part of their estate.

You should also know their debts, including mortgages, credit cards and other loans. This information can help you understand their financial situation and plan for their future needs.

The website eForms offers a simple, complimentary form to assist with this process.

To conduct a more custom and comprehensive asset audit, consider consulting with an estate attorney or financial planner.

Understand their income

It's also important to understand your parents' income sources, such as Social Security, pensions and any other sources of retirement income. This can help you plan for their future expenses and ensure they have enough income to support their needs.

You should also know if they have any part-time or freelance work that provides additional income.

Discuss their estate plan

Another critical area to discuss with your parents is their estate plan. This includes their will, any trusts they have established and any other legal documents that outline their wishes for their assets after they pass away.

Yet, according to Caring.com's 2023 Wills Survey, less than half of Americans over the age of 55 have their estate planning documents in order. Understanding their estate plan can help you prepare for potential inheritances and ensure their wishes are fulfilled.

NYSUT NOTE: Did you know that not only do NYSUT members have access to a national network of attorneys that can help with legal matters — like crucial estate planning documents — but their aging parents do too? The NYSUT Member Benefits Trust-endorsed Legal Service Plan provided by Feldman, Kramer & Monaco, P.C., covers NYSUT members, their spouses, dependent children and even dependent parents. It's essential your loved ones have an estate plan prepared if they pass, so make sure they have the expert legal guidance they need to get their plan in place. [Find out more information](#) and how to enroll today.

Plan for healthcare costs

As your parents age, they may need additional healthcare support, including long-term care. This can be expensive, and planning for these costs in advance is essential.

You should discuss with your parents how they plan to pay for any potential healthcare costs and help them develop a plan to ensure they can afford the care they need.

Be aware of potential financial abuse

Unfortunately, older adults are often targeted by scammers and fraudsters who try to exploit them for financial gain.

According to the FBI's Internet Crime Complaint Center, elder fraud cost Americans over the age of 60 more than \$1.7 billion in 2021. Therefore, it's important to be aware of the signs of

financial abuse and take steps to prevent it from happening to your parents. This may include monitoring their accounts for any suspicious activity or helping them avoid scams and fraudulent schemes.

Work with a financial adviser

Finally, it's a good idea to work with a financial adviser specializing in retirement planning and intergenerational wealth transfer. A financial adviser can help you navigate the complex financial landscape of caring for aging parents while also managing your own retirement savings.

In addition, they can provide guidance on estate planning, retirement savings, tax implications and other financial matters that may arise.

It is also important for you to form a relationship with your parents' financial adviser if they have one. The financial adviser can assign you as a trusted contact on your parents' investment accounts or insurance policies. As the trusted contact, you can be alerted if an elderly parent changes behavior, such as makes requests for large withdrawals. You can also be contacted if a parent misses payments — such as on a long-term care insurance policy — or simply does not respond to requests.

As Gen Xers take on the role of caring for their aging parents, it's essential to understand their finances and plan accordingly. By following these tips and working with a financial adviser, you can help ensure that your parents' financial needs are met and that you are prepared for any potential financial challenges that may arise.

NYSUT NOTE: When caring for an aging parent, it's essential to know the details of their finances as well as their estate plan. Working with a financial adviser together with your aging parents is great way to ensure that's the case. The NYSUT Member Benefits Corporation-endorsed Financial Counseling Program allows NYSUT members to include their parents in meetings with Certified Financial Planners® and Registered Investment Advisors. These advisors will provide members and their loved ones with unbiased advice customized for their specific situation. Get more information on how to get started by visiting [the website](#) today.

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