



# Your aging parents and you

How to talk about a difficult subject together



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# It's a balancing act.

The millions of Americans that are part of the “sandwich generation” are faced with very real challenges—provide for the needs of a growing family, care for elderly parents, and plan for retirement. And, many struggle to find a balance. This guide provides tips to help you speak with your parents about the legal, medical, and financial issues associated with aging, plan ahead, and approach the situation with an objective perspective.



# Growing older is inevitable

We all know that growing older is inevitable and a part of life. But it may be difficult to accept the fact that your parents are aging. Often there is a wide range of emotions associated with this realization. You may feel sad, helpless, overwhelmed, or even scared. Whatever your feelings, it is important that you:

- **Accept your feelings.**  
Your emotions are normal. It's important to acknowledge your feelings and not let them grow out of control.
- **Consider your parents' mindset.**  
The frustrations of getting older are many—and not all of them are physical. Your parents could also be feeling overwhelmed and anxious. Having an open, honest conversation can help put you both at ease.
- **Be optimistic.** Stay positive and try not to focus solely on the negative aspects of aging. Embrace the concept that age is just a number. It is a defining characteristic of a person—like brown hair or blue eyes. Celebrate accomplishments—past, present, and future.
- **Maintain a healthy relationship.**  
Your parents are aging and so are you. It's important to let your relationship evolve from parent–child to one between mature adults. This will help strengthen your relationship and establish a solid foundation for friendship and mutual respect.
- **Ask for help.** If you are feeling overwhelmed, talk to friends and family who are in a similar situation. Consider helpful resources, like books, the Internet, support groups, or a professional counselor.





Whenever possible, all siblings should be present for any conversation about your parents' care and be in agreement with any decisions made.

## Mom and Dad, can we talk?

At some point in their lives, adult children will have to face the challenge of talking to their parents about the practical and financial issues associated with potential chronic illness, disability, or death. Even if you have a strong, open relationship with your parents, having a conversation about their finances, their future living situation, or the possible need for change is never easy, but it is necessary. No matter how difficult or awkward it may be, it's important to initiate a dialogue early. Keep the following in mind:

- **Don't procrastinate.** Many people put off having serious conversations to avoid conflict or awkwardness. Remember that the consequence of not discussing important issues could be worse than the conversation itself.
- **Be respectful.** Do not take away your parents' sense of control or try to "parent your parent." As you become more involved in helping them, it's easy to forget to treat them appropriately. Remember, they are still your parents and deserve respect.
- **Educate yourself.** Before you engage your parents in a conversation, plan ahead and do some homework about any legal, financial, or medical matters. In addition to making yourself appear more knowledgeable and trustworthy, you will be able to approach the conversation with more confidence.
- **Be sensitive.** Your parents may be hesitant to open up—even to you. Be sensitive to their need for privacy. They might not be prepared to talk, so don't force the conversation. Let them know that there are important issues to discuss and that you will approach the conversation again in the near future.
- **Be patient.** Truth be told, most issues are not going to be resolved with one conversation. Your goal should be to start an ongoing dialogue with your parents about their wishes for their later years.
- **Select the right time to talk.** You need to approach your parents at the right time. Select a moment when there are no distractions or other obligations, a time when the focus is on them.

# Keep the conversation warm and productive

To the extent possible, talk with your parents gently and honestly about their wishes, abilities, and options. These conversations can help put you in a better position to make decisions later, when your parents may not be able to do so.

- **Share your own feelings.** Reassure your parents that you will support and help them. Let them know that you want to understand their wishes and work as a team to ensure that they are met.
- **Encourage small changes.** Making small, gradual modifications to your parents' routine or situation—instead of broad, immediate ones—will help your parents adjust to any changes.
- **Respect your own needs.** Be honest with yourself and your parents about your own wishes and limitations with time, money, and energy.

## Conversation starters

**I have started to formulate a plan in the event that something happens to me. What about you?**

Personalizing the situation and letting your parents know that you are making plans for yourself allows them to see that you are thinking about your own family. Even if they haven't given thought to their own plans yet, this may prompt them to start.

This helps to begin a discussion about the future without money being the topic of focus.

**What health care measures do you want performed, and who should make decisions if you can't?**

**Have you put your final wishes in writing?**

This simple question is an effective conversation starter because it directs the conversation away from "who gets what," and focuses on your parents' wishes.

This question keeps the conversation focused on your concern for the care of a surviving parent.

**What steps would you like to take to make sure Mom/Dad is cared for after you're gone?**

**What would you like to have happen to the ...?**

Focus discussions on illiquid assets—such as family heirlooms—rather than money.

# Housing is a matter of choice

Determining where your parents should live depends on personal preference, desired lifestyle, financial resources, and health care needs. Ideally, moving would be a matter of choice. But the decision is often driven by necessity. Discuss your parents' preferences and plan ahead. Do they hope to remain in their home, or do they wish to downsize? Do they want to be with family, or do they prefer a retirement community or assisted-living facility?

There are topics that you can talk about with your parents now to help reduce some of the stress you may feel later. These include housing, health care, legal preparation, and financial organization.

## Staying put

Your parents are probably accustomed to living in their own home and would like to remain there for as long as possible. This decision may eventually require certain services, such as:

- **Home care**  
Provides assistance with health care or personal care.
- **Meals and transportation**  
Provides meal delivery and transportation services.
- **Adult day care**  
Daytime community facility that provides social activities for seniors.
- **Respite care**  
Provides relief to full-time caregiver.

✓	Conduct a home safety walk-through of your parents' home on a regular basis.
	Check electrical and telephone cords. Safely tuck them out of walkways.
	Ensure rugs, runners, and mats are secured by non-slip backing.
	Test smoke detectors and replace batteries.
	Install handrails on both sides of stairways, in the bath, and in the shower.
	Ensure porches, hallways, and stairwells are well-illuminated.
	Clear stairs, landings, and floors of clutter.
	Write an emergency exit plan and review it with your parents.
	Check and maintain the home's structure and systems, such as the roof, electrical, or septic.
	Check that shelves are secure to the wall and not overburdened with items that may fall.
	Clear leaves and other debris from chimneys and gutters.
	Post emergency telephone numbers close to or near the telephone.
	Fix any loose tiles or floorboards that are sticking out.

## Nursing home facilities

If your parents are not capable of independent living, a nursing home may be an option. There are two levels of care, depending on the specific needs of your parent(s).

- **Skilled nursing facility**  
24-hour nursing services.
- **Intermediate care facility**  
Provides nursing and rehabilitation services, but not on a 24-hour basis.

## Other housing options

Retirement communities range from full-service to pay-per-service. In addition, there are other housing options that include assisted-living, adult congregate, life care, or continuing care, and rental retirement communities.

# Health care can be a significant expense

Without a strategy to pay for health care, the need for daily medical assistance can quickly create a financial hardship for families. Discussing the following questions with your parents could provide you with valuable insight and help to guide your health care planning efforts:

- Do you have proper health insurance coverage?
- Can you comfortably cover the cost of prescription drugs and other out-of-pocket health care costs?
- Do you have a plan in place to meet your longer-term health care needs?
- Do you have long-term care insurance?
- Who are your doctors, and how can they be contacted?
- Where do you keep your important medical and health care documents?

It is crucial to know what services may be available to meet your family's health care needs and the level of benefits they may be eligible to receive.

Obtain permission to speak with your parents' medical providers. Ask your parents to draft a letter of authorization and fill out any forms that their health care providers may require to allow them to correspond directly with you on their behalf.

## Common health care options

### Medicare

Federal health insurance program for individuals over age 65.

- **Part A**  
Covers hospital expenses.
- **Part B**  
Covers medical expenses such as doctor office visits, lab work, and preventative services.
- **Part C**  
Plans offered through private insurance companies and approved by Medicare that cover benefits under Part A and B and often those under Part D.
- **Part D**  
Covers prescription drugs.



### Supplemental health insurance

Pays a cash benefit according to policy guidelines. Some policies are specific to certain illnesses or specific situations.

### Employer-provided insurance

Employer-provided health care coverage to retirees.

### Medicaid

Benefits for those with low or no income, or inadequate or no medical insurance.

### Medigap

Supplemental health insurance.

### Veterans insurance

The U.S. Department of Veterans Affairs and other government agencies offer health care services to veterans and their families.

For more details please visit the Medicare web site at [medicare.gov](http://medicare.gov).

# Legal preparation helps get affairs in order

Topics such as wills and power of attorney are important issues that should be addressed early. Knowing your parents' preferences will help to ensure that their assets are properly taken care of and that medical treatment will be delivered as they wish.

Posing the following questions to your parents will provide insight into any legal preparation your parents have already done—as well as what you still may need to do.

Joint property or joint investment accounts help ensure that you will be able to handle your parents' affairs if they become unable to do so. Before moving forward with these types of arrangements it is important that you understand their financial and tax implications.

- Do you have a will? Where is it located?
- Have you granted someone durable power of attorney to handle financial and health care decisions if you are unable?
- Are important legal documents up-to-date?
- Who is your primary attorney, and how can he or she be reached?
- What legal matters are you most concerned about?

It's important to explore legal options while your parents are in a healthy, rational state of mind. Discussing dependency, disability, incapacity, and death can be difficult to do, but it's important to understand their wishes and desires. By doing so they can formalize a plan, which will reassure them that they will receive the care they desire and their assets can be protected during their final years.

Essential legal considerations		
<p><b>Trusts</b></p> <p>Legal agreement to safeguard assets or property until they are passed to heirs and is not subject to probate.</p> <p><b>Living trust</b> A trust that is created while still alive.</p> <ul style="list-style-type: none"> <li>▪ <b>Revocable trust</b> Living Trust that can be changed.</li> <li>▪ <b>Irrevocable trust</b> Living Trust that can not be changed.</li> </ul> <p><b>Testamentary trust</b> A trust established through a will after the grantor dies.</p> <p><b>Pour-over</b> A trust created while still alive, but funded after death through a one-time payment, such as from a life insurance policy or pension benefits.</p>	<p><b>Estate</b></p> <p>All the property owned by an individual – home, personal items, investment, etc.</p> <p><b>Estate tax</b> Tax that may be incurred upon transfer of property after one's death.</p> <div style="text-align: center;">  </div>	<p><b>Probate</b></p> <p>A legal, and frequently costly process in which an executor or legal representative is appointed and the assets are formally passed from the deceased to their beneficiaries.</p> <p><b>Power of attorney</b></p> <p>An agreement used to delegate legal authority allowing another to make property, financial, investment and other legal decisions for a defined circumstance and/or period of time.</p> <p><b>Health care power of attorney</b> Authorizes an individual to make health care decisions on behalf of another.</p>
<p><b>Will</b></p> <p>A legal document by which a person expresses his or her wishes as to how legal and financial affairs should be handled after death.</p> <p><b>Advance directive/living will</b> A set of written instructions that specify actions to be taken regarding one's health, should that person be unable to communicate their wishes.</p>		

# Financial organization now helps reduce stress later

Financial discussions are rarely easy and can be even more challenging when your parents' finances are at the root of the discussion. Explain to your parents why it's important that you understand the status of their financial situation and ask them to show you where all their important documents are placed.

If needed, suggest helping them organize their documents so you know where everything is filed. Use the following questions to help start a discussion:

- Do you have an estate plan?
- What type of retirement income do you receive?
- Who can access your important financial information in case of an emergency?
- Where do you keep your important financial documents?
- Have you made a list of your assets and property?
- Who is your primary financial professional and how can I reach him or her?
- Do you have a safe deposit box? Where is it—and the key—located?

## Take stock of assets and liabilities

Compiling a list of your parents' assets and liabilities is an important exercise to help protect you and your parents financially. Find out how your parents would like to use those assets should the need arise. Make sure you know the location of key documents, like bank and investment account information, birth and marriage certificates, Social Security cards, PIN numbers, and credit card statements.

## Review financial accounts

Your parents may have a number of different financial accounts, such as bank and investment accounts, 401(k)s, IRAs, and pensions. Make sure you know where each account is located and how your parents are investing and using the assets.

## Explore legacy planning

A proper estate plan can help maximize an heir's inheritance and minimize tax implications. It is important to ensure that the estate plan outlines both the person responsible for the estate if your parents become incapacitated and their desired strategy for asset distribution.

## Review and update beneficiary designations

Take time to sit with your parents and review their designated beneficiaries for their various accounts. It's important to note that benefits are paid to the beneficiaries named directly on those accounts and will override those named in a will.



Set up a filing system to help keep track of important paperwork like bank and investment account statements and insurance or medical information. This makes it easy to quickly locate important documents.



## Funding future financial needs

Some experts say that 70%–80% of pre-retirement income levels will be required to maintain a comfortable lifestyle in retirement. In reality, income needs in retirement may be much higher, especially when you consider longer life expectancies, housing costs, and health care expenses associated with aging.

The key is to develop a solid financial strategy early. Work with your parents to outline their current and future expenses against their available funds and various sources of guaranteed income. While not comprehensive, the following are some of the options you might consider:

### Does your guaranteed income cover basic expenses?



- Invest conservatively and continually monitor asset allocation.<sup>1</sup>
- Collect dividends from retirement assets to help pay for discretionary expenses.
- Consider a systematic withdrawal plan (SWP) from investments to receive a fixed sum for discretionary spending.
- Create an emergency fund to help cover unexpected expenses and reduce the need to access shorter-term investments.



- Reduce discretionary spending.
- Take distributions from retirement plan assets to cover basic expenses.
- Consider a systematic withdrawal plan (SWP) to provide long-term income and maintain an investment portfolio to provide potential growth.
- Consider setting up a guaranteed source of income to help cover expenses.

## Don't go it alone

Regardless of the quality of your relationship with your parents, talking about their finances and future plans can be a stressful conversation. To help reduce some of the emotion associated with this discussion, adult children are increasingly turning to financial, tax, legal, and accounting professionals for assistance. Neutral third parties can be a beneficial resource. They can help diffuse family tension, ensure that you have all of your financial bases covered, and manage later life decisions with your aging parents.



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