

Have you addressed elderly parents in your estate plan?

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Your estate plan likely accommodates your spouse, children and grandchildren. But have you overlooked your parents? How can you best handle their financial affairs in the later stages of life? You may want to incorporate their needs into your own estate plan while tweaking, when necessary, the arrangements they've already made.

Here are four critical steps:

1. **Identify key contacts.** Just like you've done for yourself, compile the names and addresses of professionals important to your parents' finances and medical conditions. These may include stockbrokers, financial advisors, attorneys, CPAs, insurance agents and physicians.
2. **List and value their assets.** If you're going to be able to manage the financial affairs of your parents, having knowledge of their assets is vital. It would be wise to keep a list of their investment holdings, IRA and retirement plan accounts, and life insurance policies, including current balances and account numbers. Be sure to add in projections for Social Security benefits. When all is said and done, don't be surprised if their net worth is higher or lower than what you (or they) initially thought. You can use this information to formulate the appropriate planning techniques.
3. **Open the lines of communication.** Before going any further, have a frank and honest discussion with your elderly parents, as well as other family members who may be involved, such as your siblings. Make sure you understand your parents' wishes and explain the objectives you hope to accomplish. Understandably, they may be hesitant or too proud to accept your help, so some arm twisting may be required.
4. **Execute documents.** Assuming you can agree on how to move forward, develop a plan incorporating several legal documents such as wills, trusts, powers of attorney, living wills or advance medical directives, and beneficiary designations. If your parents have already created one or more of these documents, they may need to be revised or coordinated with new ones.

Estate planning for elderly parents, which is complex in its own right, is intertwined with your own finances. Please contact us for help with developing a comprehensive plan that addresses all of your family's needs.

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