

Advertising Supplement to Crain's Chicago Business

# DECISIONS

How to help aging loved ones make the best healthcare, financial and living choices



## Give an Estate-Planning Assist

*Six ways to help parents enjoy a financially secure old age*

By Jane Adler

**Money is a touchy subject in most families.** But the topic takes on new urgency when adult children realize their aging parents may need help making a plan to ensure they enjoy a financially stable retirement. Seniors are generally open to a discussion about money as long as they feel they're being respected and they're able to maintain control, says **Karen Sabin Gitles**, owner of Your Personal Finance Manager, a Winnetka-based consulting firm. The key is to establish clear lines of communication. "Families can do this together," she suggests. When the time comes, here are six steps you can take to help the seniors you care about secure their financial future.

**Know their net worth.** The first step is to get a picture of the seniors' overall financial health by determining their net worth. Take a detailed inventory of assets and liabilities. If they have debt, make a plan of what to pay off first. Credit card debt is the most likely candidate. But vacation homes with a mortgage are often overlooked, notes Gitles. Check the mortgage documents for variable interest rates with balloon payments. "While interest rates are still low, it might still be possible to get a fixed-rate loan," she says.

**Create a family answer book.** Don't wait until there's a crisis to gather important information. Develop a document in advance that lists bank and savings accounts, trusts, wills, medical records, powers of attorney, safety deposit box information, insurance policies, names of financial advisors, and even personal wishes, such as pet care. "A family answer book can be a real time saver and a conversation starter," Gitles says.

**Develop a cash flow statement.** Analyze income and expenditures for a full year. If cash flow is positive, consider gifting. Negative cash flow calls for less spending, or finding a way to maximize retirement assets, such as changing investment vehicles. Streamline finances. Roll two or more IRA accounts into one, and consolidate 401(k)s into an IRA account. Minimize and eliminate finance fees, if possible. And consider setting up automatic payments, Gitles says.

**Review monthly bills.** Seniors are often victims of financial fraud. Look at their bills to check for payments going to unknown recipients, says Amie Hyman, a social worker and owner of Heartfelt Solutions for Seniors in Willow Springs. Seniors sometimes misunderstand purchase agreements, especially those that involve a series of payments. Also, "Check to see if bills have been double paid," Hyman says.

**Understand estate plans.** Seniors should have powers of attorney for healthcare and property. These documents authorize a designated person—often an adult child—to act on behalf of the senior. Powers of attorney are important if seniors get ill and can't handle their finances. But seniors should also have a revocable living trust, according to elder law attorney Kerry Peck, managing partner at Chicago-based Peck, Bloom LLC. In Illinois, if the senior dies with \$100,000 or more in assets in his or her name alone, the estate will be subject to probate which can be expensive. "Put the assets in a trust and you avoid probate," Peck says.

