



Acquaint Grown Children with Your Financial Affairs

Many parents may feel it is unnecessary to inform their adult children about their personal, financial affairs. However, as your children grow older, it can work to your advantage—and that of your entire family—to share with them key financial, medical, and estate planning information. An awareness of important information, and knowing where to locate relevant documents, can help your grown children take appropriate and timely action if a sudden death or catastrophic illness were to occur. Consider these issues:

- **Health Insurance.** If you are age 65 or over, your adult children should be aware of any and all health insurance policies, as well as **Medicare** materials. There may be “**Medigap**” policies that go beyond the basic care coverage provided by **disability income insurance** policies and **long-term care (LTC)** policies. You may benefit greatly in an emergency if appropriate procedures are followed and necessary forms are submitted in a timely manner.
- **Living Will.** This document specifies an individual’s preferences regarding the administering or withholding of life-sustaining medical treatment. Under many state statutes, a patient must be considered “terminal,” “permanently unconscious,” or in a “persistent

vegetative state” before life support can be withdrawn. Copies of living wills should be made available to anyone who would be involved with the care of either parent, and the originals should be kept in a safe, readily accessible storage place.

- **Health Care Proxy.** Similar to a living will, this instrument allows you to appoint another person as your “agent” to make health care decisions in the event you become incapacitated and unable to make your own decisions. Specific directions regarding medical procedures to be administered, withheld, or withdrawn can be made within the document. A copy should be readily available to the “agent.”
- **Durable Power of Attorney for Property.** If you become disabled, who will manage your financial affairs? With a durable power of attorney in place, an individual or bank may act as an agent to oversee your financial affairs. Your grown children should know what steps have been taken to ensure the competent direction of your affairs, should the need arise. However, your children’s actual involvement with your affairs can be limited, if so desired.

- **Wills.** Do they exist and are they up-to-date? The exact *contents* can be kept private, but the *location* of your will should be known by all family members.
- **Trusts.** Wills can accomplish much in the direction of your estate after your death. However, a trust managed by yourself, or a **trustee** of your choosing, may meet your planning needs, including potentially protecting the estate from taxation. Trust documents should be kept with **wills** for ease of access, and you should discuss pertinent terms with those who will be involved. As your children reach adult age, it may be time to select a responsible child to serve as a trustee in the event of your death.
- **Life Insurance.** Life insurance is typically purchased to provide cash to help cover mortgages, liabilities, expenses, and estate taxes, as well as to benefit your loved ones. Knowledge of the existence and whereabouts of life insurance policies can be of critical importance. A policy locked in the deceased's safe deposit box cannot accomplish the aims for which it was intended.
- **List of Assets and Debts.** Once again, adult children may know of the *existence* of lists of assets and debts without seeing the actual lists themselves, unless you so desire. An **asset** list—developed and updated regularly—should include information concerning all bank accounts, real estate holdings, pension holdings, annuities, business agreements, brokerage accounts, documentation concerning boats, cars, works of art or other valuables, and collectibles, and insurance policies. A **debt** list should include information pertaining to current mortgages, consumer indebtedness, personal loans, and business obligations. Both lists should provide complete information on where associated paperwork and files can be found.

Planning for death or disability can be difficult. However, leaving your grown children uninformed about your key financial, medical, and estate planning information can result in confusion and delay at a time when clarity and timeliness are of the essence. At first glance, these preparations may seem burdensome. However, once completed, both you and your children can rest assured that your affairs will be properly managed if needed.