

When Your Parents' Money Is Your Problem **By Elaine Appleton Grant, November & December 2008**

For adult kids, Mom and Dad's budget woes usually come as a shock. You can head off a crisis with some honest talk now

Don Quinn, * 45, was flabbergasted to discover late in 2005 that his father, a former bankruptcy judge, was in serious financial trouble. Diabetic and seriously ill, George Quinn had given responsibility for his money to his wife of 30 years, Don's stepmother, Nora. That seemed wise, since she was a former accountant. But then a fast-growing brain tumor destroyed her impulse control, and in a year's time she racked up close to \$200,000 in credit card debt, from gambling and loans to her son from a previous marriage. Only after Nora had emergency surgery to remove the tumor did she call Don in a panic. Don and his father had never talked about money. "Not even slightly," Don says. "I was in complete and utter shock."

Don went from having no involvement in his parents' financial affairs to having to be responsible for them completely. Nora and George, who was of sound mind but had no inkling of his wife's spending, willingly signed powers of attorney to Don, and the younger Quinn began negotiating with their creditors, with help from an accountant and a lawyer. He also drew down his own savings account "to a minimal balance" so he could lend his parents \$15,000. To give them more cash and to keep them from driving—Don considered letting either of them behind the wheel unsafe—he took out an \$8,000 loan from a credit union to buy his father's car. He used a credit card to help pay his parents' moving expenses after they sold their house and moved to assisted living. "There was a lot of float involved," he says.

Matt Plummer hears stories like this all the time. "Almost never do adult children know the lay of the land regarding their parents' finances," says Plummer, who in 2001 started a financial-counseling program in Milwaukee, for its older residents. "It's something that's just not discussed. A classic scenario is that the son or daughter comes into town when a parent goes into the hospital, then stays at the house and finds that the refrigerator is bare and there are past-due bills around."

Such surprises often prove costly. Half of those caring for a loved one 50 or older—about 17 million Americans—spend more than 10 percent of their income on caregiving, according to a study released last year by the National Alliance for Caregiving and Evercare. The added expense can mean adult children stop saving or spend their savings, skimp on their own medical care, or pile on debt, a particularly worrisome move in a sputtering economy.

Some frank conversations with your parents now might prevent a future crisis like the one the Quinns experienced, says Ramsey Alwin of the Washington, D.C., nonprofit group Wider Opportunities for Women. Alwin leads a project called the Elder Economic Security Initiative, which studies the cost of living for retirees. She notes that inflation is hitting those on fixed incomes harder than the rest of the population because the cost of such basics as heating oil, gasoline, food, and medicine jumped dramatically in 2008, while Social Security payments rose only 2.3 percent.

Because many people don't seek help until they're in a crisis—and sometimes don't divulge the full extent of their problems even then—the lesson financial pros draw again and again is the same: families need to start talking about money before there's an emergency.

Among the obstacles to that approach is the excuse "It's none of the kids' business how much I have or I don't have," says Suzann Enzian Knight, who for 25 years has taught low- and middle-income families how to manage their money at the University of New Hampshire Cooperative Extension in Durham. "Parents need to understand that there may come a time when they'll need assistance," she says.

To ease into what can be a sensitive conversation, avoid becoming a "mother to your mother," says Knight. "Don't take over initially. You're trying to determine what the need is, and help the aging parent make critical decisions, as opposed to telling him or her what to do."

To get to the harder conversation about a parent's overall financial status, Knight suggests these icebreakers:

1. Use the News Almost half of older Americans carry debt. Talk about your coworker's father who can't afford his prescription drugs, or a news story about an older person who owes more on a mortgage than her home is worth.
2. Talk Bargains Perhaps you can help a parent find less costly phone service or cheaper groceries. Then probe for concerns. Says Knight: "Ask, 'How will you get through the winter with the cost of heating?'"
3. Be Humble Ask your father to join you at a financial-education workshop—to help you, not him. To find a free or affordable program, call your state or county cooperative extension service or visit the online complement to the cooperative extension system at www.extension.org/personal_finance.
4. Pose Questions If you notice unopened or unpaid bills in your parent's house, ask about them. The goal is for parents to provide their kids with critical information, including the whereabouts of bank accounts, insurance, and wills.
5. Write a Letter If you can broach a subject more easily on paper, write down how much you care about your mom and that you want to plan ahead so her life goes smoothly. Tell her how she helped you and how you want to give back.

In the end, the best argument for open communication is what happens when there isn't any. Though Don's father paid him back within two years, untangling the mess sucked up a lot of time and left Don disappointed, angry, and stressed. "It was a complication I didn't need in my life," he says. "You're put in this position. They didn't have anyone else."

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*His family's names have been changed.