

4 ways to address elderly parents in your estate plan

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Typically, an estate plan includes accommodations for your spouse, children, grandchildren and even future generations. But you may overlook some older family members, such as your parents or in-laws. They may also need your financial assistance and help with their estate planning.

How can you best handle the financial affairs of parents in the later stages of life? Incorporate their needs into your own estate plan while tweaking, when necessary, the arrangements they've already made. Here are five critical steps:

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.

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.

Open the lines of communication. Before going any further, have a frank and honest discussion with your elderly relatives, 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.

Execute documents. Assuming you can agree on how to move forward, develop a plan incorporating several legal documents. If your parents have already created one or more of these documents, they may need to be revised or coordinated with new ones. Some elements commonly included in an estate plan are:

- *Wills.* Your parents' wills control the disposition of their assets, such as cars and jewelry, and tie up other loose ends. (Of course, jointly owned property with rights of survivorship automatically passes to the survivor.) Notably, a will also establishes the executor of your parents' estates. If you're the one lending financial assistance, you may be the optimal choice.
- *Living trusts.* A living trust can supplement a will by providing for the disposition of selected assets. Unlike a will, a living trust doesn't have to go through probate, so this might save time and money, while avoiding public disclosure.
- *Powers of attorney.* This document authorizes someone to legally act on behalf of another person. With a durable power of attorney, the most common version, the authorization continues after the person is disabled. This enables you to better handle your parents' affairs.

- *Living wills or advance medical directives.* These documents provide guidance for end-of-life decisions. Make sure that your parents' physicians have copies so they can act according to their wishes.
- *Beneficiary designations.* Undoubtedly, your parents have filled out beneficiary designations for retirement plans, IRAs and life insurance policies. These designations supersede references in a will, so it's important to keep them up-to-date.

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

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