

# *Live Financially Fearless:*



*Share Financial Plans With  
Your Children*

*By Jean Ann Dorrell*

The older we get, the more serious we get about making financial plans for the future - investments, wills, trusts, retirement, death etc. We hear experts say, “Make sure you have a plan!” We all know it’s smart to have a plan for every potential scenario. One thing we often forget, or put off, is to make sure we share these plans with our children.

As we age, it becomes more important for our children to have a good grasp on our ultimate financial plans. While nobody enjoys or wants to have these types of conversations, your children need to be made aware of not only where you stand financially, but also what your wishes are if something were to happen to you or your spouse.

A recent survey by the National Endowment for Financial Education found that seven in 10 adults say they have difficulty talking to their families about who will make financial decisions for an aging family member who loses the ability to safely handle their money. One financial planner in New Jersey says it’s important to have all of the important information before you actually need it. Otherwise, “it’s like trying to put together a jigsaw puzzle and you don’t always have the box to see what the picture should look like.” You could help eliminate a lot of this turmoil if you initiate the conversation about your finances with your children, and simply make them aware of your plans. You might assume they know what you want, but you would be surprised at how often that is not the case. What they think is best could be completely different from what you actually want.

Now that your children are adults, you will need (and should be able) to take emotion out of the conversation and keep the end result in mind. Giving your children this information will save a lot of stress and frustration for EVERYBODY in the long run. It will also ensure everybody is on the same page if you or your spouse dies, falls ill or become unable to take care of yourselves.

In addition, not having this conversation could cost your children if something were to happen to you or your spouse. If they don't know important details like who has power of attorney, where you have accounts or what medical insurance you have in place, they will have no idea where to even start. In a lot of cases, if the cause of death isn't immediately obvious, it could take months for your children to acquire a death certificate, which is necessary for access to a lot of private financial information.

Have the conversation sooner rather than later, before it's too late. Here are some tips to keep in mind as you prepare to have this conversation with your kids:

- **Make this something you can talk about comfortably.** Let them know that nothing is specifically "wrong" with you or your spouse but the sooner they have this information, they better off everybody will be.
- **Try to have the initial conversation one time and face-to-face.** It will be easier to address everybody at one time and to not have separate discussions. Maybe plan to have the talk during a birthday, holiday or family event. It may not be the most ideal time but these may be the only occasions where everybody is together.



- **Be prepared to share relevant articles or information you have come across.** This may help them understand how and why you have reached some of your decisions.
- **Keep the conversation open and be open-minded.** Allow your kids to make suggestions to simplify wherever possible. They might have some good ideas. However, make sure they understand that all things are ultimately your decision and that you and your spouse have the final say.

I have compiled a list of several items that will help you prepare for this “family meeting.” This will serve as a good checklist when you finally sit down with your children.

### **Where are the wills? Do you have a living will? Who has Power of Attorney?**

It is important to let your children know where to find your will. Make sure they know where the lock box keys are or where to find the combination to the safe if it is locked away.

A living will lets you outline important healthcare decisions in advance, such as whether or not to remain on artificial life support. A living will may also include a Health Care Power of Attorney that allows you to appoint someone you trust to make critical health care decisions for you if you are not able. It is important to let your children know if there is a living will and what provisions they might include, in case something happens to you or your spouse.

To help your children manage your money if you become no longer capable, they will need power of attorney. Power of attorney lets them handle any financial transaction – from signing checks to selling your home. This document is like the key to a car

– without it, they won’t be able to drive, says Stephen J. Silverberg, and elder law attorney in Roslyn Heights, NY. However, it is not smart to wait until something happens, or to wait until you are not in your right mind before you decide on who it will be. For a power of attorney to be valid you must be competent when you sign it. Otherwise, your children will have to take you to court, and a judge will have to deem you incompetent.

There are safeguards you can employ to prevent power of attorney abuse, which unfortunately, does happen. The most important preventative measure is for people to name an agent they trust completely. Once the decision is made, revisit it every few years. The family member who previously seemed like the perfect candidate might seem less so if he or she is in the midst of a divorce, for example, with fresh financial woes.



Once you’ve established your power of attorney, notify the relevant financial institutions in writing and ask them to alert you of any changes in the account. This serves two purposes: it can alert you to potential abuse, and it can also ensure that your financial institution will honor the document. Some financial institutions will only honor their own power of attorney documents, generated by their lawyers, and state law on the issue varies.

As always, monitor bank accounts for any suspicious activity. You might also consider freezing your credit report to make it more difficult for fraudsters to take out loans in your name, says John Ulzheimer, president of consumer education at SmartCredit.com. To do this, you register with each of the three credit bureaus—Equifax, TransUnion and Experian—and pay a nominal fee. You can always go back in and “thaw” the account if you decide you need to apply for credit.

## **Where do you keep important documents, paperwork and contact information?**

In addition to the will, your children need to know where you keep important documents, such as the deed to your home. Other important paperwork includes your tax returns, stock or bond certificates (brokerage firm) and insurance policies.

It is also very helpful for them to know the names and contact information of the companies and professionals with whom you have accounts and conduct business:

- Lawyer
- Financial Planner (if you have one)
- Accountant
- Mortgage company
- Insurance policies & agents (all of them)
- Retirement account managers

It is important to have all of this in one or two convenient places (*see [Financial Fitness: An Easy 12-Month Guide for the New Year e-book to find tips on how to get more financially organized](#)*). This is a lot of information for your children, but the more organized and prepared you are, the better off they will be if something were to happen to you or your spouse.

If you feel it is necessary, maybe set a meeting to have your children meet your lawyer for the first time, rather than the first time be when something happens to you.



## **What is your income? What are your monthly debts and expenses?**

Seniors can have several different sources of income. It is important for your children to know where you are collecting income from - Social Security, pensions, IRA withdrawals, etc. Give them your bank information, the types of accounts you have (bank and investment) and where retirement account numbers are located. Also, make sure they know whether or not you will have to pay estimated taxes throughout the next few years (on dividend income, for example).



Something else to let them know is whether or not you pay bills through automatic payment/debit. This is important because your children might need to cancel certain payments if something happens to you (mortgage, water, electric, etc.). If managed well, auto pay for your monthly expenses can be very helpful. However, it is important to be aware of the risks (*see page 11 for 12 Tips for Automatic Bill Paying*). Let your children know if you are using a third-party bill paying service like Quicken Bill Pay (\$9.95 a month for the first 20 bills) or another company that specializes in paying bills for the elderly, along with the information for that account.

Also, if you do any banking online, make sure your children know

where to find your usernames and passwords for online accounts.

### **What is your medical history and plans for the future?**

It is very important that your children know where to find your medical history. As a reminder, you should give them each of your doctors' names and contact information, as well as your insurance policies (and Medicare information if you have it).

If you have not already, make a list of all prescriptions you are currently taking. Note the dosage, how many times per day you take each, how many refills you have left, cost, and any other important details. Remember, the more information, the easier it will be for your children.

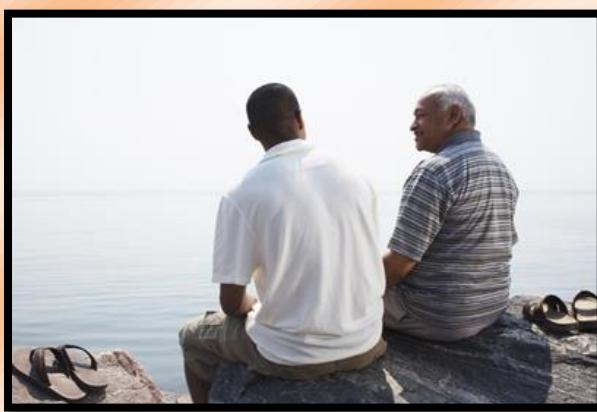
Be sure to note any drug allergies you have. Also, make a list of your history of surgeries, appointments or other previous procedures that would be useful to know.

In addition, do you have a plan and/or preference for long-term care? A time may come when you or your spouse are not able to live on your own without assistance. Unless you have a plan for a relative to take care of you, you will have to choose nursing home, assisted living or in-home care. Be sure to let your children know which you prefer if the decision had to be made. In some cases you may not have a choice, but it is good for your children to know that you have a preference. Also let them know your plan to pay for it (what account is reserved for long-term care?) so they are aware.

### **Have you made funeral arrangements? What are your final wishes?**

I have had many clients over the years who have mourned the loss of their parents. One common theme I see is the difference in their frame of mind if their parents made funeral arrangements ahead of

time or not. The children get to focus on all of the happy times they had with their parents when the funeral arrangements and final wishes are known. On the other hand, if the funeral arrangements are left for the kids, not only are they mourning the loss of their parents, but they are also stressing out at having to decide on everything they think their parents may have wanted. Even though it is the last thing most people want to talk about, let alone discuss with their children, it is important that you share these details with them.



### **Notify children of any changes to the important documents or information.**

Finally, remember to update your will, power of attorney and other documents as needed (someone dies, gets divorced, etc.). Not only is it important to update this information, but it is also important to share any changes to this information with your children once you have had this talk with them.

No one wants to think about death, and people especially don't want their kids to think about their death. However, it can cause a lot more stress in the long run if these important details are not discussed. Your children will be at peace if they know things are being taken care of exactly the way you want.



### About the Author:

Jean began a career in the insurance and annuity industry in 1991. She has achieved numerous designations and awards. Since 2005, Jean has been awarded continuous membership to the Million Dollar Round Table elite group "Top of the Table." MDRT is an international, independent association for leading life insurance and financial services professionals.

Jean has achieved the prestigious Certified Estate Planner designation under the direction of the National Institute of Certified Estate Planners (NICEP). NICEP is nationally recognized by many of the industry's top Broker/Dealers, Insurance Companies, and numerous professional financial, legal, and tax service organizations that are involved in the area of estate planning. You can find Jean on NICEP's website at [www.nicep.org](http://www.nicep.org).

Jean is also a published author of the book, "Don't Be A Victim! Protect Yourself!"

Jean is has been a regular Saturday morning guest on Fox 35's Good Day Orlando in The Money Watch Segment, where she contributed valuable information regarding your financial future. Visit [www.TheSmartMoneyGal.com](http://www.TheSmartMoneyGal.com) to watch previous news segments.

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## **12 Tips for Automatic Bill Paying**

If managed well, using your credit card or your online bank account to pay your bills online is a great idea that could manifest in anything from free plane tickets to actual cash back rewards. The upside to online bill pay is that you are more likely to pay your bills on time. But this convenience can have a dark side in that it sometimes breeds financial laziness.

Here's what the experts have to say about the various forms of online and auto bill-pay, ranging from paying everything with your credit cards online to using your bank's online system to pay all the credit card bills.

### **Auto pay rules of the road**

- 1. Is it free?** Some banks and credit card issuers charge for automatic bill pay. Some don't. Do your research to find the right one for you.
- 2. If paying your bills with a credit card, pay off your balance every month.** Don't be afraid to use your credit card as the auto pay option for your bills -- just be sure to pay off that credit card bill on time every month so as not to rack up your balance and any interest on that balance. If you sign up for a rewards program with your credit card and expect points (or miles) to accrue as you pay your bills, be sure to read the fine print as automatic bill payments don't always qualify.
- 3. Check due dates every month.** Always check your paper or electronic bill and check your due date and minimum payment. Then be sure to reconcile what you think you paid out with what your credit card company or bank has actually paid out. "You always want to reconcile and make sure that what your account is saying is accurate," says Monica Beaupre, manager of public affairs for American Express.
- 4. Keep informed.** Stay on top of memberships that require you to use a checking account or credit card for automatic payment, such as gyms. If you quit, be sure to tell your credit card issuer or bank representative. Some athletic clubs require a 30-day notice of a membership cancellation before the billing stops.

"You're in charge. If you cancel a membership or a subscription, remember to check your statements and inform the bank immediately if the charge still appears on your credit card or the money continues to be drawn from your account," says Pam Girardo, a spokeswoman from Capital One, in an e-mailed statement.

- 5. Take your time.** Don't rush to set up auto-payments with a new merchant, bank or credit card. Take a few months to see if you like the services, if it's a legitimate company and if you are comfortable allowing the company to have access to your account numbers.

"You may not want to set up automatic payments right away," says Allison Brown, senior attorney for the FTC's division of financial practices. You might want to sign up for monthly movie theatre debits or monthly credit charges to pay for your monthly massages -- but hold off for a few months. The time you spend waiting -- and paying your bill via old-fashioned checks -- lets you know if you like the services provided and lets you know the company's level of professionalism.

- 6. Know your rights.** According to the Fair Credit Billing Act, if you dispute a charge on your card the card issuer is obligated to investigate or remove the charge. (That means that if you canceled your gym membership and the gym refuses to stop billing you, and your credit card refuses to stop paying that gym bill, you can take your argument to a higher power.)

- 7. Check and double-check.** Don't set up a automatic monthly payment schedule for your credit cards without also scheduling your own monthly viewing of due dates for each bill. Unlike public utilities or mortgage lenders, credit card issuers might change your due dates, which may make one of your 15th-of-every-month payments a late payment. Says ClearPoint's McClary: "These credit card companies issue their bills on cycle dates and from month to month the cycle date may change."
- 8. Keep a paper or electronic trail.** Sign up for electronic bills from billers, print them out and save them, or be sure to look at and file your paper statements. This way, if there are any discrepancies down the road, you have a paper or e-mail trail to follow.
- 9. Protect your identity.** To prevent fraud, don't use easy-to-guess passwords to access your bill pay account, such as your spouse's name, your birthday or any other obvious bit of information. Also, change your passwords regularly.

Also, beware of spyware or keylogging software that can be installed on both your private computer and on public computers. The software can record your every bill-paying move, granting the "spy" instant access to your passwords and accounts. (Some key-logging software can even be installed remotely, so it doesn't matter if the person has access to your home.) For your personal computer, be sure to run anti-virus software regularly to find and destroy spyware. Some specialists say you should never use public computers to access your bill pay accounts.)

- 10. Is the bill-pay website secure?** Check the bill pay website to see if it is "encrypted." If the site uses Secure Socket Layer (SSL) technology, which encrypts your personal information, you should see a locked padlock image as well as an "s" after the URL addresses on the pages that contain your personal information.

For example, on a CreditCards.com American Express card application page, the URL in the browser window begins with a "https://" instead of just "http://". If the padlock symbol is open or unlocked, the site is not secure and you shouldn't enter any personal information.

- 11. Be accurate.** Be sure to type in the correct spelling of the Web address for your bank or credit card issuer. Scam artists often make a bundle off of stealing information when you accidentally visit the "wrong" (i.e. phony) site and enter your personal information.
- 12. Log out.** After paying a bill online, make sure that you use the "Log Out button" when you are finished. Then close your browser completely. This ensures that no one can use the computer after you and pull up your account information.