



How To Discuss Estate Planning Topics with Parents

Not many would argue that sitting down to have a discussion with parents and possibly other family members about estate planning would be difficult, emotional, heated and stressful. In fact, if given the choice between estate planning discussions with family members and having teeth drilled, many might opt for a trip to the dentist.

However, any pain that may be involved with estate planning discussions is often significantly less than the pain felt by family members whose parents ignored discussions and failed to implement certain planning strategies. Chances are, no matter where you live, having state governments decide the management and distribution of assets and property can be an unsettling experience. Probate costs and time delays associated with municipal court systems can leave heirs financially unstable.

Here are some ways to begin estate planning discussions with your parents as well as some of estate planning basics.

Initiating the Discussion

This is perhaps your most challenging task, especially with elderly parents who may perceive the discussion as the first step of giving up control. You need to emphasize that estate planning is about providing parents with more control, not less. Legal documents such as wills and trusts are tools to control the management and distribution of assets during life and at death. There is perhaps no way to gain greater control than to implement time-proven, legal estate planning strategies such as personal trusts.

To begin your discussion, try following these suggestions:

- **Choose a comfortable setting** - Conduct the discussion in an environment that will be comfortable and private for your parents. You want them to feel as comfortable as possible, which will encourage an open and honest discussion.
- **Eliminate/limit distractions** - Having pictures of children or grandchildren in the room where you have your discussion is a good idea. Having children or grandchildren running around or bouncing on laps will limit the effectiveness of overall objective.
- **Suggest a group discussion** - Invite siblings or other family members to join you in initiating the conversation. Having a number of family members present could convince your parents the importance of the topic and make them more willing to speak about their plans.
- **Express your concern for their well-being** - Tell your parents that you are genuinely concerned for their future well-being and that it's important that they implement an effective estate plan that will take into account their needs and wishes.
- **Discuss your estate plan** - When working on your own estate plan, discuss your plans with your parents. By discussing your plans they may be willing to discuss their own plan with you.
- **Discuss long-term care** - Most people will require some form of long-term care in their lifetime. Typically, long-term care insurance can help pay for the cost of home health care, assisted living facilities or nursing homes. Ask your parents if they know of friends who have done some long-term care planning.



- **Use books or articles** - Mention to your parents a book or article that you read about estate planning and then ask them what steps they have taken toward securing their estate. Occasionally, there is an article in the newspaper about estate that wasn't properly planned. These examples often illustrate the consequences of not having a sufficient estate plan in place.

Focus on the Importance of an Estate Plan

- Throughout your conversation, be sure to remain focused on why the discussion is taking place: you want to help your parents with the delicate coordination of their wealth. Some of the reasons why your parents should plan their estate include:
- Having a plan in place for the management and distribution of assets during life, incapacity/illness and at death
- Minimizing administrative expenses and legal fees
- Making tax-efficient asset transfers to family members and favorite charities
- Reviewing beneficiary designations of insurance and retirement plans

Estate Planning Tools

There are certain specialized financial and legal tools that may come up during your discussion. These tools are typically used as part of the estate planning process:

- **Will** - A legally executed document that outlines and directs how and to whom a person wants his or her property (assets) distributed after death.
- **Living Will** - An advance directive that gives doctors and hospitals instructions regarding the nature and extent of care a person wants should he or she suffer permanent incapacity.
- **Durable Power of Attorney for Property** - Designates someone to act on a person's behalf if he or she is physically or mentally incapacitated.
- **Durable Power of Attorney for Health Care** - Appoints a person to make health-care decisions in the event that someone is too ill to make their own decisions.
- **Living Trust** - A legal arrangement that enables an individual to transfer money or other assets to a trustee who holds legal title for the benefit of that individual and his or her beneficiaries.

Finally, your parents should make you and their other heirs aware of their various financial accounts. This includes knowing the location of bank, brokerage, and credit card accounts, as well as insurance policies (including health, life and long-term care and annuities). The list should also include the names and phone numbers of key financial contacts such as financial advisors, lawyers and insurance agents. Also, you should know where to find tax returns, birth certificates and safe deposit boxes and keys.

Set Up a Meeting with Your Parents Today

Like a trip to the dentist, estate planning discussions need to be made. Talk to your parents and other family members about arranging for a convenient time in the near future to begin the discussion. If appropriate, schedule more than one meeting. Putting off or ignoring these discussions can lead to significant family problems in the future.