

# NOT A BURDEN

## A Guide for Aging Parents



Over the past 25 years, clients have regularly told me that they don't want to be a burden as they age. But what does it mean to not be a burden? What action should you take to reduce the likelihood of becoming a burden?

To find out the answers to these questions, I interviewed not only my clients but also the accountants and estate attorneys who work with them. As a result, this white paper shares five tips that you can take to reduce the likelihood that you will be a burden on your family as you age:

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- 1 Have a long-term care plan.

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  - 2 Simplify and organize your financial situation.

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  - 3 Provide contact information for your strategic professional advisors.

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  - 4 Make sure your estate planning documents reflect current law and your family situations.

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  - 5 Discuss end-of-life care.



Talking to your adult children about your financial situation can be difficult. You may decide these conversations are so challenging that you are better off not having them. But, it is “pay now or pay later.” If you avoid these awkward conversations now, your children may pay a higher price later when they cannot find your important financial documents or are unsure of the resources you have to pay for long-term care.



I am familiar with the challenges of having these difficult conversations. In addition to being a CERTIFIED FINANCIAL PLANNER™ professional for more than 20 years, I helped care for my Mom before she died in 2018 and my Dad before he died in 2021. I had many tough conversations with my parents during these years, and I also experienced the pain of not talking about some things we should have. I developed this guide on not being a burden based on my professional experience and real-life experience.

Unfortunately, a recent Transamerica study showed that roughly half of retirees never discuss their financial situation with others. This same study showed that about 20% of retirees have not thought about their plans for receiving long-term care or do not have any plans for such care. Please take steps to make sure you do not fall into these groups!



# STEP

# 01.

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Understand whether you have the resources to remain financially independent and pay for long-term care if you need it.

If you are not sure that you will be financially secure in the future, let me encourage you to get professional advice. If your adult children may need to provide financial support for you, they need to know as soon as possible so they can take that into account in their own financial planning.

Many people want to stay at home as they age. Do you need to make any changes to your living situation to do so? Those changes could involve downsizing or modifying your current home to install grab bars in the bathroom, or it could involve a change in location to move closer to family.

If you want to stay home, think through how you will get food if you're no longer cooking. Or how you will get help with bathing or dressing if needed. According to Genworth Insurance, the average hourly rate for home care in Birmingham is \$20. Paying \$20 for a few hours of help each week is reasonable. However, if care needs are increased to the point around-the-clock care is needed, you could be paying \$175,000/ year. Perhaps you have long-term care insurance that can cover some of these expenses. If you do, let your family know where to find that policy, what those benefits are, when benefits would begin, and how long benefits would last. Or perhaps you chose not to buy long-term care insurance and plan to pay for any care out of pocket. Let your adult children know that plan as well.

There's no right or wrong answer when it comes to staying in your home or moving to a community. Both options have pros and cons. The point is to have conversations with your adult children about what you want. And to permit them to make a different decision in the future if circumstances change. Plan for change; it's a part of life and will continue to happen. Finally, remember that your adult children can help you and guide you, but they cannot make you happy. You must find contentment in your circumstances.



# STEP 02.

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Make it easy for your adult children to find your financial information if you have a medical crisis or upon your death.

Medical emergencies and death are stressful; you do not want to add to that stress by asking your adult children to become detectives to find your important papers. If you are working with a CERTIFIED FINANCIAL PLANNER™, consider inviting your adult child to sit in on a meeting with you. Attending one or more sessions with you and your financial planner will help your adult child come up to speed on your financial situation and smooth the transition when your adult child becomes a decision-maker. Your CFP® likely prepares your net worth statement, which summarizes what you own and what you owe. Some parents choose to go ahead and share this information with their adult children. Others choose to tell the children where they can find the report when needed.

As you review your financial situation, look for ways to simplify. For example, do you still need multiple bank accounts? Perhaps that decision was appropriate earlier in life but is it still the right decision? If you own individual stocks or mutual funds, can they be deposited in an existing investment account you already have open? Be sure to get professional advice to avoid any unintended tax consequences. Finally, shred financial and legal documents that are out-of-date and no longer needed. You want your children to know the accounts you currently have, not those you had seven years ago!

Another important part of step two is sharing information that would allow your adult children to ensure your bills are paid if you suffer a medical emergency. You might ask your adult child to sit with you to pay bills for one month. Be sure to share where you keep a record of usernames and passwords for online accounts. If your power of attorney names your adult child as your attorney in fact, consider putting the power of attorney on file with your bank.

# STEP 03.

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Begin gathering contact information for your strategic professional advisors.

This list should include your accountant, financial planner, estate attorney, banker, and insurance agent. If your adult daughter needs to step in and make sure your taxes get filed, she needs to know who your CPA is and how to get in touch with them. If you have always handled your investments and filed your tax returns, consider hiring a professional to help in anticipation of the time when you may not want to do this work or may not be able to do so due to health problems or cognitive impairment.

In addition to gathering contact information for financial professionals, you will need to collect contact information for your doctors and pharmacy. This contact information, along with a list of medications you take and a summary of medical conditions, will be helpful if you have a medical emergency. If you have the financial strength, consider using a concierge MD who would have more time to complete a thorough medical assessment and be a more attentive health care partner.



# STEP

# 04.

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Make sure your will, power of attorney, and health care directive are up to date and your children know where to find them.

For example, does your power of attorney, which allows someone to make legal and financial decisions for you, name your husband, who may be suffering from dementia or other health problems? If so, it is time to update this document. If you and your spouse name each other as executor and attorney in fact, do you have the physical and cognitive health to do this work? Do you want to take on this responsibility? Might it be time for another family member or close friend to serve in this capacity instead?

Look over your health care power of attorney with your children. Tell them what makes life meaningful to you. Are you interested in the quality of life? Or quantity of life? Discussions about end-of-life care can be difficult. "Being Mortal" by Dr. Atul Gawande is a book about growing older and medical care that matters at the end of life. "Five Wishes" is a supplement to your health care power of attorney that helps spell out the type of care you want at the end of life. Both of these resources may be helpful as you think about end-of-life care.

While reviewing your estate documents, review the beneficiaries on your life insurance, IRAs, and 401ks. These assets pass outside your will, and it is critical to ensure those beneficiary designations are correct.

Talk to your adult children about personal property. Who gets what? Some fights that occur after someone dies are about sentimental items like Mom's recipe books, Dad's Bible, and family pictures. Please write down who is in the family pictures as well. You may know who is in the photos, but do your children and grandchildren know?

A critical part of step four is making funeral plans. It is difficult for your family to honor your wishes if they do not know what they are. It is also easy for a family member to be taken advantage of by a funeral home as decision-making may be clouded due to grief. Here are questions for you to consider:

- "Where do you want the memorial service to take place?"
- "Who do you want to conduct the service?"
- "What scriptures do you want to be read?"
- "What songs would you like played?"
- "Do you want to be buried or cremated?"
- Ideally, you will make these decisions and then go to the funeral home and pay for the service. If it is too difficult to have this conversation with your adult children, you could write down your wishes and let your family know where to find that document when the time comes.



# STEP

# 05.

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## Take the next step.

You do not have to complete steps one through four immediately, but do take action. Otherwise, in six months, you will still be worried about being a burden on your children. These conversations will take time. Start where it is most comfortable for you and your adult children. And, along the way, enjoy the conversations and the time with them. If health and circumstances allow, you could plan some extended time together to create new memories and to allow for more time to talk. You will not regret it. They will not regret it.





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## A Guide for Aging Parents

Bridgeworth Partner Patti B. Black, CFP® has been providing financial planning and investment advice for over two decades. She focuses on helping affluent individuals create a plan to be financially secure and live a purposeful life during retirement. Her planning also helps clients reduce the likelihood of becoming a financial or caregiving burden as they age. Because Patti has been a member of the “sandwich generation,” individuals who are caring for their aging parents and children simultaneously, she understands the financial and emotional challenges that her clients may be facing.

Patti is a contributor to numerous national media outlets, including Forbes, Barron’s, Kiplinger’s, US News and World Reports, Financial Planning Magazine, InvestmentNews, Market Watch, and Real Simple. She has also been a guest on Talk of Alabama, Grow Your Business and Grow Your Wealth podcast, and the Breaking Money Silence podcast.

Don’t let feelings of anxiety or burden hold you back from taking action. It starts with a conversation, and your first conversation is complimentary.

Scan the QR below to set up a short phone call with Patti.



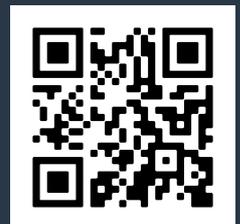
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