



Jason M. Woodward, J.D.
Financial Services Professional
Lowell, MA
financialattorney@gmail.com

Are You Prepared For Your Parents' Senior Years?

Many people face their parents' retirement and aging without a second thought, assuming that Mom and Dad are in good financial shape and ready for the golden years. Making this assumption can be a serious mistake. You and your folks may think they are adequately prepared for retirement, but how far down the road have they looked?

With average life expectancy increasing, it's not uncommon for people to live 10-20 years (if not longer) after retiring. A great deal can happen in that time, and life's events don't always work out as planned. Culprits such as inflation and illness can wipe out a nest egg and undermine the financial independence of even the best-prepared retiree.

Inflation and Illness Can Turn a Nest Egg into a Goose Egg

Inflation can seriously erode money's purchasing power over time. Even with an average inflation rate of 4%, retirees at age 60 with an income of \$2,500/month will have the purchasing power of \$1,388/month by the time they're 75 years old. In other words, the standard of living will be virtually halved in just 15 years. Many retirees today have found themselves searching for part-time jobs in order to keep up with the rising cost of living. But no one can work forever. And major illness can wipe out—in mere months—a nest egg that took years to build.

When retirees' savings are depleted, it adversely affects the next generation, too—usually at the worst possible time. Frequently, adult children of senior citizens are working to provide for their own households and futures. Too often, they become saddled with the cost of supporting their parents while still trying to meet their own household expenses. It's a tough balancing act to try to sustain.

Plan in Advance

Start with a meeting of the generations to discuss everyone's plans, wishes, and concerns. Here are some topics to tackle and questions to ask:

- Will your parents' retirement funds be adequate? Inflation and longer life expectancies may make retirement costlier than they've anticipated.
- What supplemental funds are available?
- Who will manage their finances if they cannot? Discuss long-term financial plans, the location of records, and the possibility of establishing a contingent power of attorney to step in and help during an emergency.
- What are their estate plans?

- When and how will they distribute their property, especially if they become incapacitated?
- Are there any charitable endeavors or causes they wish to contribute to?
- Do they have updated wills and an executor who knows their wishes?
- Are their insurance programs adequate? Without adequate coverage, a single illness could wipe out an otherwise ideal retirement plan. (Some children cost-share their parents' premiums for Medicare Supplement or Long-Term Care insurance, for example. They see it as a wise investment in their parents' future.)
- What about life insurance?
- Do they have special requests, such as living wills, trusts, lifetime gifts, etc.?
- Where would they want to live, if incapacitated? (Discuss nursing home and home health care options.)

Generally, parents and children feel uncomfortable discussing these matters. It's important to do this in a way that puts both generations at ease. One solution is to work with a group of professionals—such as an attorney, tax advisor and insurance agent. These individuals are familiar with retirement and estate conservation issues, and can help facilitate communication while providing specific expertise.

For more information on insurance and other financial solutions that can be used to help you and your parents prepare for the future, contact **Jason M. Woodward, J.D.** today at (603) 264-7550 or financialattorney@gmail.com.