



Important Estate Planning Conversations Retirees Need to Have With Their Adult Children

Talking with your adult children about your future can benefit the whole family.

KEY INSIGHTS

- Create an agenda to help you stay on track during your discussions, and assign a family member to take notes.
- Topics such as long-term care and powers of attorney should be a part of your conversations.
- Discuss family members' financial priorities and tax situations to help ensure you're building an income and estate plan that will benefit both generations.

Once retirees have successfully transitioned into retirement, it's a good best practice to initiate an open dialogue regarding family financial planning topics with their adult children. These conversations are ideal to have when a retiree is five to 10 years into retirement, settled, and still healthy.

By this point, retirees have typically gained a firm grasp of their financial situation and income needs, and their children have likely had time to establish themselves, their careers, and their families.

Since all parties have now matured within their respective life stages, it may be a good time for parents to involve their children in estate planning and any other matters before needs arise.

Getting Started

Consider the following suggestions for beginning this discussion with your children:

- **Speak in person**, at times of low stress, preferably while you're healthy.
- **Lead the discussion.** Be prepared to share as much as you feel comfortable sharing but enough to make the conversation meaningful. While your children don't need to know every intricate detail of your situation and intentions, the more you are willing to share, the more you will accomplish together.

Setting an Agenda

Covering these subjects can help you stay on track as you talk with your family. Encourage a family member to take notes, and then share them after each of your discussions to ensure you're all on the same page.



Lindsay Theodore, CFP®
Thought Leadership Senior Manager

“An open family dialogue regarding financial and life planning priorities is a critical step toward achieving overall financial wellness and peace of mind.

— Lindsay Theodore, CFP®,
Thought Leadership
Senior Manager

- **Discuss the location of important documents, contact information, and access instructions:**
 - **Documents** such as most recent will(s), trust(s), powers of attorney, health care directives, etc.
 - **Records** such as birth and marriage certificates, Social Security cards, licenses, passports, titles, proofs of ownership, religious records, etc.
 - **Names and contact information** for financial providers, doctors, lawyers, accountants, friends, and family members who might need to be contacted.
 - **List of social media accounts and other online accounts**, along with usernames and passwords—preferably in a secure location and/or accessible via password-protected file.
- **Your living arrangements.** Share how long you plan or hope to live in your current home and what you are considering doing about housing if your situation changes. Share your concerns and preferences here, and encourage your children to weigh in as well.
- **Your will and/or trusts.** Make sure you have an up-to-date will and that you've reviewed it within the last several years to account for any changes to your family situation or wishes. If you have any trusts, determine whether they still meet your needs by talking with an attorney.
- **Durable power of attorney.** This document enables you to give a specified person the authority to make financial decisions on your behalf if you're incapacitated. It's often a good idea to add powers of attorney to your investment accounts as well. You may also want to select a “trusted contact” for your investment accounts as an added level of account protection. A trusted contact is an individual you designate who can be contacted by the financial firm if something seems amiss.

Once organized, make sure your children know where and how to locate and access these records. Our [Family Records Worksheet](#) can help you get started.

Tips for Adult Children

Taking these steps can make a difference as your parents get older.



Increase your emergency fund.

Having more money available can help in the near term if you need to travel or take time from work to help your parents.



Consider the roles your siblings could play.

Brothers and sisters who live near your parents could drive them to doctors' offices or assist with chores, while a sibling who lives farther away might handle monthly bill paying.



Talk with your parents.

While you don't need to know account details, be sure your parents have a solid estate plan, including wills, trusts, a power of attorney, health care directives, and beneficiary designations.

69%

of parents have some reluctance about discussing financial matters with their grown children.*

- **Health care directive.** Also known as an advance directive, this document covers two important aspects of your medical care: a living will and a medical power of attorney. A living will provides specific end-of-life instructions for the type of medical care you desire. A medical power of attorney, also known as a durable power of attorney for health care or a health care proxy, enables you to name a person to make medical decisions for you if you are unable to do so.
- **Long-term care arrangements.** Long-term adult day or nursing care can be expensive. In 2021, national average costs ranged from \$1,690 per month for adult day health care to \$9,034 per month for a private room in a skilled nursing facility.** Costs could be considerably higher depending on where you live. Your children should know your health care preferences and how you plan to pay for care if necessary (e.g., insurance or investments). They especially need to know if you're counting on them for financial or physical support.
- **Financial information and decisions.** Review your financial situation with your children to identify strategies for making the most of your money. For example, understanding each other's financial priorities and tax situations can help you make more informed decisions. It may make sense to adjust your retirement income sourcing, your gifting strategy, or which accounts you leave to whom. The better you understand each other, the better equipped you'll be to put in place a plan that benefits both generations.

It's important to remember that you don't have to solve everything in one sitting. These conversations may be very new and different for all of you—both financially and emotionally. Taking the time to start the conversation, and establish lines of open and honest communication, will ultimately provide greater peace of mind for everyone.

*Source: In 2017, T. Rowe Price conducted a study with focus groups that included 50 individuals.

**Genworth 2021 Cost of Care Survey <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

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