

Managing Your Parents' Money

Like many adults, you could find yourself managing finances for the very people who taught you how to manage yours--Mom and Dad. Although the prospect of taking over your parents' finances may not be appealing, it may allow them to stay in their own homes longer and enjoy relative independence.

Approach your parents about taking over their finances with tact and diplomacy. By following a few simple steps, you can make the transition smooth and relatively painless for everyone involved.

Start by knowing where to find their financial documents so you'll be better equipped to handle an emergency. Review wills, insurance policies, Bank and Credit Union records, and pension plans with your parents to ensure that their needs are spoken for. When the time comes to manage their money, you'll be familiar enough with their finances that there will be few surprises.

Simplify their record keeping with direct deposit of income and automated payment of regular bills through Banks or Credit Unions.

Consult social service agencies dedicated to the well-being of older people. The Eldercare Locator can help you find such agencies in your area. It can be contacted by phone at 800-677-1116, or at the Web site at www.aoa.dhhs.gov.

If you can't take care of your parents' everyday financial activities personally, you may want to hire a daily money manager (DMM). DMMs will help with routine financial chores like bill paying, checkbook balancing, and setting or refining a budget. DMMs also can help with paying taxes, reviewing doctor and hospital bills, and working with social service agencies and caretakers.

Consult your lawyer, doctor, accountant, or local agency on aging to find a DMM. Or contact the American Association of Daily Money Managers, P.O. Box 8857, Gaithersburg, MD 20898-8857, for referrals to members in your area.

This field is unregulated. So personally interview candidates, check references, and contact agencies to confirm qualifications and experience. And after hiring them, periodically review their work.

When necessary, get involved in your parents' financial lives to prevent unscrupulous individuals and companies from taking advantage of them, and to help ensure their financial well-being into the future.