

THE OKLAHOMAN:

# BOOMERS OFTEN JUGGLE PARENTS' AND CHILDREN'S FINANCIAL AFFAIRS

Q & A with Jana Shoulders, AIF®, CPA, AEP®



**Baby boomers often have frequent financial worries, including how to best handle their parents' financial affairs and gifting money to their children. First, how can people broach financial conversations with their parents?**

If a friend has dealt with a tough situation like a parent dying or becoming incapacitated, I suggest using that situation to raise the subject. Another option is to explain that you read an article that suggested it's important to talk to your parents about these decisions.

**What are the three most important things you need to have in place for your parents?**

In my opinion, you need to have them sign a living will concerning life support decisions, a health care proxy to manage health care decisions if needed, and a durable power of attorney so that you can make financial decisions on their behalf if they become incapacitated.

**What if you find out that your parents will need help?**

Open communication is important. Sometimes the options your parents want are disproportionate to their financial means and the siblings' time availability. It's also helpful to

get a third-party assessment; having a qualified outside person involved can provide a neutral unemotional facilitator.

**Switching to children, how can you prepare the next generation for inheriting money so they don't become "trust fund darlings?"**

I recommend consulting both your wealth advisor and your tax professional very early in the process. Planning can be crucial during this transition. You'll need to determine how much of the proceeds you'll receive and how much you'll owe in taxes, especially if you have reached a higher tax bracket. Having an estimate of what proceeds are yours to keep can eliminate emotions and an unexpected tax problem.

**How can parents prepare children for the responsibilities that go along with managing wealth or a family business?**

One of the best ways to introduce children to a family business is to enlist him or her to serve as an intern in your family business or in another family's business. It's also beneficial to help children secure a shorter, job-shadowing experience with a trusted adviser of the family business. Sometimes a child's greatest learning comes from failing. As parents, we just have to avoid enabling or rescuing our children when that happens.



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