

Richard A. Courtney, CELA
Certified Elder Law Attorney
4400 Old Canton Road, Suite 220
Jackson, Mississippi 39211
601-987-3000 or 1-866-ELDERLAW
For more Articles, go to: www.elderlawms.com

Taking Care of Your Parents: Protecting Their Finances

By Sarah Baldauf

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Senior citizens are particularly vulnerable to financial distress once they're living on a fixed income and experiencing some cognitive decline. Here's how caretaking children can help:

- 1. Discuss the money.** The World War II generation tends to guard financial information and independence, driving some proud seniors to foolhardy measures, says Kenneth Kamen, president of Mercadien Asset Management in Princeton, N.J., and an expert in retirement planning. An older woman he knows racked up \$31,000 in credit-card debt before her family found out. It resulted from household expenses that were just beyond her fixed monthly income. "For some seniors, [debt's] the only way they're getting by," says Kamen. The financial details need to be teased out, he says, especially if you suspect your parent might need to lean on you. He recommends starting the money conversation with an advice-seeking approach: "Dad, Sue and I are thinking of buying long-term-care insurance. Did you and Mom do that?" If he shrugs you off, explain you're simply trying to plan your own finances and wonder if you might need to someday help pay for his care.
- 2. Add a caveat to the durable power of attorney.** Another document to complete is a durable power of attorney, which names a person who will control Mom's finances if she can't. Technically, no one else has access to the financial records, so errors can go unnoticed, says Kim Hubbard, interim director of the elder abuse prevention program at the California advocacy group WISE Seniors. Moreover, she says, the majority of financial elder abuse is perpetrated by a relative — sometimes the one holding power of attorney. She recommends that seniors add a detailed paragraph that names a second person, be it a professional accountant or personal friend, who will take a look at bank statements monthly and do an in-depth analysis of all financial records yearly.
- 3. Find extra money.** Financial tools like a reverse mortgage can improve seniors' cash flow, but Kamen suggests downsizing into an affordable, senior-friendly condo first. Your parents might be eligible for benefits that reduce their heating bills or take the edge off prescription drug costs, but it requires looking — and applying. "There are lots of programs out there to make ends meet," says Scott Parkin, a vice president at the National

Council on Aging, "but it's rare that more than half the people who qualify actually use them." The council's benefitscheckup.org can direct people to assistance programs.

4. Protect against scams. Seniors are particularly vulnerable to telephone solicitations for phony investments, say, and to getting tricked into sharing their Social Security number. This year, officials reported a spate of deceptive sales of Medicare Advantage plans. It's a good idea to have parents get their credit report checked; all three issuing agencies — TransUnion, Experian, and Equifax — must provide a [free annual report](#) upon request. Starting this month, residents of all states can put a reversible "security freeze" — different from a fraud alert — on their credit report, which should block identity thieves from obtaining new lines of credit.

Taking Care of Your Parents: Keeping Them Socially Connected

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As the losses associated with aging mount, many seniors become isolated and are at risk of suffering from depression. Some ways to make sure they stay engaged with the world:

5. Get them involved. No longer managing the demands of child rearing or a career, many seniors have — for the first time — the opportunity to contribute the wisdom amassed over decades. Determined not to "wither up watching TV," Richard Williams, 71, spends three days each week tutoring middle schoolers in Port Arthur, Texas, through [Experience Corps](#). "The best way to get uninvolved with yourself," says the widower, "is to get involved with someone who needs help." Research has linked participation in Experience Corps to boosts in cognitive and physical abilities and metabolism and to having a broader social network. Other organizations, like [Senior Corps](#), arrange a variety of volunteer programs that include helping kids get immunized, counseling new business owners and teen parents, building houses, and more.

6. Find shared meals. Some seniors have difficulty with meal preparation or simply lose interest in food if they're feeling depressed. So-called congregate meals, which often take place at senior centers and may include transportation, provide a helping of the social interaction everyone needs. "For seniors tending toward depression, it can be a lifeline," says Ginzler of AARP. Such group meals and delivery services, like Meals on Wheels, can be found in their area on www.mealcall.org.

7. Keep them mobile. Surrendering the car keys — or losing a spouse who did all the driving — can bring about an emotionally devastating loss of independence, says gerontologist Somers. Keeping parents involved in the community may require creativity, especially if local public transit is lacking. The solution for Somers's dad before he died was a three-wheeled bicycle that got him around town — and offered a fitness benefit, too. "The stationary bike I gave him became a perfect place for him to

hang clothes," she says. He used to put his dog in the three-wheeler's basket and get a kick out of all the waves from passersby.