

5 Tips for Discussing Money Matters With Family

As relatives gather during the holiday season, seize the moment to broach sensitive matters

by **Lynnette Khalfani-Cox**,

Are you worried about your parents' diminishing physical capabilities or your daughter's plans to pay for her child's college education? Is one of your relatives going through an especially difficult financial period? As you get together with your adult children and aging parents to enjoy home-cooked meals or celebrate your family's holiday traditions, use the following five tips to help you discuss difficult financial issues.

1. Get the timing right

The holidays are stressful enough, so just because your children or parents are visiting doesn't mean you should spring financial matters on them as soon as they walk in the door. Likewise, avoid talking about serious financial issues while everyone is seated for Thanksgiving turkey.

Instead, plan to have more than one talk. Try first to broach financial issues privately with your family member and let him or her know you'd like to have a follow-up conversation, perhaps the day after the holiday.

2. Engage in conversation, not criticism

If you launch into the "Money Talk," nothing will turn off your relatives faster than if you're perceived to be on the attack or criticizing their financial choices. Ditto for blasting them about financial matters they haven't attended to yet.

So even if you disapprove of the fact that Dad still hasn't updated his will or that your newly pregnant daughter and her husband haven't taken out life insurance, have a conversation about the importance of each. Under no circumstances should you criticize what they're doing or dictate what they should do financially.

3. Highlight the importance of financial documents

One of the biggest money mistakes people make is failing to let relatives know where their important financial documents are kept. You may be guilty of this, or perhaps your elderly parents haven't clued you in on where their key paperwork is stored.

When you have the Money Talk, be sure to ask family members about the location of their last will and testament, any durable power of attorney or health care proxy they may have, and their life insurance documents. It's also wise to ask for a list of key contacts, like attorneys, certified public accountants or insurance agents who may need to be contacted in the event of an accident or medical crisis.

4. Focus on one or two key issues

As tempting as it might be to try to tackle everything, the holidays really aren't the time to engage in a massive, comprehensive financial overhaul — or to insist on prolonged, all-encompassing conversations about money matters. This is especially true if you're dealing with multigenerational financial issues, like college financing for your grandchild or long-term care insurance for one or both of your parents.

Instead, focus on one or two crucial topics. With aging parents, for example, some good areas to explore are estate planning, asset protection and long-term care insurance. The last is especially important because a sizable number of Americans — nearly one in five, according to an October 2013 study from Northwestern Mutual — have provided or are providing long-term care for someone. What's more, because most caregivers don't have a plan for paying for their aging relatives' bills, they frequently find themselves paying out of pocket for their family members' prescription drug and nursing expenses.

Save Money

"People are living longer, so the need for care is very real," says Steve Sperka, Northwestern Mutual vice president of long-term care. "Planning ahead and putting solutions in place for potential care needs gives families options and helps protect retirement nest eggs."

Even if your parents don't currently need your support or financial help, it's still a good idea to have a conversation about what their personal needs and expectations are about long-term care.

5. Inquire sensitively about current and potential problems

If you notice that Mom has slowed down a lot since you last saw her, or that your elderly father has trouble buttoning his jacket, don't just brush off those issues as part of the aging process. While it's true that we all change physically as we get older, you should also be sensitive to the ways in which physical changes — especially deteriorating physical abilities — can affect your relatives financially.

For instance, does Mom or Dad require in-house help? Are they able to perform daily functions, such as getting dressed, driving or feeding themselves?

You can ask a relative point-blank if he or she is having any difficulties. But just do so with compassion and sensitivity. A nonthreatening and caring approach is likely to be much better received than an offhand comment or a joke about "taking away Dad's car keys."

One other way to more discreetly ascertain whether a relative might need financial help is to engage him or her in a conversation about their current finances. Specifically, you can ask about current assets and income, current debts and spending, and things like their plans for covering medical and caregiving costs.

Some people may shy away from discussing their private financial details. But if a relative does open up and expresses apprehension or anxiety about any of these areas, it's likely a sign that he or she is struggling financially or is at least worried about the potential impact of these money matters. If so, it might make sense to suggest meeting with a financial planner.

The good news is that if you handle things correctly, having a conversation about finances during the holidays can increase family communication, solidify family bonds and give everyone involved greater peace of mind.

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