

Helping Aging Parents Manage Their Personal Finances

With increased longevity in the U.S. population, many retirees may find themselves in the position of helping elderly parents or relatives to manage their finances. If you have an aging parent or relative in need of assistance, consider the following information:

- **Revocable and Irrevocable Trusts.** A revocable trust allows an older individual to retain control of his or her property while delegating the responsibility for daily management to others. As an added protection, a revocable trust may remain unfunded as long as the individual is legally competent. Those willing to relinquish ownership of assets altogether may wish to consider establishing an irrevocable trust.
- **Durable Power of Attorney.** An individual can appoint a trusted relative or friend as a representative in legal and financial matters. It remains in effect during disability or incompetence, however, a guardian or conservator could have it revoked in the event of incompetence.
- **Private Annuities.** With a private annuity, your parent can formally transfer property to a family member in exchange for that person's promise to make periodic payments for the rest of the elderly individual's life.
- **Informal Arrangements.** This would involve an individual informally transferring property to heirs, in many cases free of gift taxes, in exchange for being taken care of for the rest of his or her life.

It may be necessary to periodically review these arrangements as needs and circumstances change. Be sure to consult with qualified legal and financial professionals for specific guidance with managing elder concerns.

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