

WHEN IT
COMES TO
MONEY,
DO YOUR
PARENTS
REALLY
KNOW BEST?

You Can't Take It With You

I, LIKE MANY PEOPLE, grew up believing that my parents were immortal. It never occurred to me that one day they wouldn't be around.

Sadly, that day arrived about 20 years earlier than I ever dreamed it would. My mom went first, in 1992, and my dad died last year. When he passed away, in addition to grieving, my siblings and I were left with the Herculean task of sorting through a lifetime of paperwork to find out what my parents owned, where it was, and what we had to do to claim possession of it. The result was a double nightmare for all of us.

If your parents are anything like mine were, getting them to prepare for their demise while they're still spry and healthy will take a small miracle. But it's worth the effort. Neil L. Cohen, an estate attorney at Broude & Hochberg LLP in Boston, offers this list of basic legal and financial arrangements you should – as non-judgmentally and support-

ively as possible – ensure your parents have made. (And while you're at it, make the same arrangements for yourself and your spouse – spare your kids the awkward conversation.)

Will: Will language varies by state, but the most important part of the will is the naming of an executor, whose job will be to take care of your parents' unfinished business. This includes gathering the assets, paying off all the debts (and handling medical bills as they trickle in, sometimes months later), selling property, and sometimes even running the family business until it can be disposed of. The executor also files the person's final income tax return and the estate tax return. People frequently name their spouse as the executor and name a child or some other responsible party as a contingent executor if the spouse predeceases them. Another important clause in a will is directing the disposition of all real estate. Without the clause, the executor must go through the lengthy and expensive probate process to get a license to sell any properties that the parent owned. Most importantly, do not keep the will in the safety deposit box. Only a named executor can access the box in the case of the owner's death, and



you can't find out who is named unless you have the will. Leave an original copy somewhere accessible, and make sure people know where it is.

Power of Attorney: This gives the power to act as a person's proxy with regard to all financial matters while the person is still alive. It is used if the person is incapacitated and unable to handle his or her affairs. Again, the spouse is often named, with a child named as a contingent. Because the most common type of POA, durable power of attorney, is effective immediately, it's crucial to only name someone who is absolutely trustworthy.

Health Care Proxy: This document gives one person the power to make healthcare choices for another if he or she is unable to do so. Only one proxy

may serve at a time, but, again, you can name a contingent.

Master List: This will be the hardest sell of all, because many parents don't want their kids knowing what they own. Parents should create a detailed list of their bank accounts, investments, credit cards, health, home and life insurance policies, deeds to homes and cemetery plot, passwords and PINs for all accounts that are accessed online, and a list of all automatic withdrawals that are being taken out of the bank accounts. Keep the list with the will and make sure that people know where they can find it when the time comes – hopefully many years in the future.

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