





Guiding THE Golden Years

**How to help the elderly
in your life with financial planning,
fraud prevention and more.**



Donna Yuan* never worried about her parents' golden years. Her father, a technology executive, had amassed a tidy nest egg, which he attentively maintained in multiple brokerage and retirement accounts at Schwab. ▶

However, all that hard work belied one key detail: Donna’s father never shared the particulars of his estate plan. By the time he died, his wife could no longer act as trustee because of her advanced age, leaving Donna to deal with a tangle of financial and legal details in the depths of her grief.

“It’s a difficult conversation to have,” says Gary Wachs, vice president of Independent Branch Services Compliance at Schwab, “but our elderly clients and their children really need to understand all the necessary steps ahead of time, rather than after the fact when they’re dealing with everything else.”

Of course, helping your parents get their financial house in order—and keep it that way—can be an uncomfortable role reversal for both parties. But Gary says it doesn’t have to be. “The key,” he says, “is having a candid conversation about the potential pitfalls *before* there’s a problem.”

PLANNING AHEAD

Children who want to initiate a discussion with their aging parents should start by sharing their concerns and offering help, says Nancy Murphy, a Schwab senior financial planner in Indianapolis. “Ask your parents, ‘Is there anything I should know?’ ‘Is there anything I can do to make this easier for you?’” she says. Schwab also offers estate-planning seminars that family members can attend together (visit schwab.com/workshops to check availability in your area).

Hiring a qualified estate or elder-care attorney is another way to help ensure that all the relevant documents are in order—including not just a will and health care directives but also durable powers of attorney that allow others to make decisions over medical and money matters once a senior is no longer able to do so (see “The paper chase,” right).

“If you don’t have the proper documents, the question becomes, Who’s in charge?” says Hy Darling, president of the National Academy of Elder Law Attorneys. “That’s when the family disharmony usually begins.”

PROPER CARE

Preparation can help smooth one of the more difficult eventualities of caring for an aging parent: assisted-living or nursing-home expenses. According to AARP, assisted living can cost nearly \$50,000 a year in some areas and a nursing home almost twice that.¹ While Medicare covers short-term rehabilitation, families often must draw on their own resources for long-term care.

Social Security can help, though children may need to register as a representative payee to manage such funds; a parent’s pension can involve similarly complex rules (see “Follow the money,” below right). Long-term care insurance plans, too, can offer relief, provided they’re purchased in advance.

A skilled financial consultant can help families with not only insurance options but also asset protection, investment strategies and, above all, the advance planning necessary to maintain quality of life. Donna discovered this breadth of service after she contacted a Schwab financial consultant, who helped her take control of her father’s accounts and chart a course for preserving the assets.

“It’s sad to say, but a person’s long-term care options often depend on how much he or she can afford,” Nancy says. “Helping your parents plan ahead for such expenses, however, can expand the menu of options available to them when the need arises.”

PREVENTING ABUSE

Beyond the complexities of estate planning is the very real possibility that cybercriminals and other unscrupulous operators will exploit the elderly if proper precautions aren’t taken (see “Don’t Take the Bait,” page 6). According to the Securities Industry and



THE PAPER CHASE

The **LEGAL DOCUMENTS** that can help secure your future—whatever your age.

ADVANCE HEALTH CARE DIRECTIVE: Also known as a living will, this document provides instructions on what kind of medical treatment a person wants—and doesn’t want—in case of illness or incapacity.

DURABLE FINANCIAL POWER OF ATTORNEY: This document names an agent responsible for asset and financial management in case of illness or incapacity.

DURABLE HEALTH CARE POWER OF ATTORNEY: This document names an agent responsible for all health care matters—including end-of-life decisions—in case of illness or incapacity.

LAST WILL AND TESTAMENT: This document stipulates the disposition of assets after one’s death.

LIVING TRUST: Unlike wills, living trusts are not subject to probate court and go into effect as soon as they’re signed. Assets transferred into the trust can be managed by its owner or another trustee.



Financial Markets Association, seniors lose more than \$2.6 billion annually to financial exploitation—and those are just the reported cases.²

Indeed, senior exploitation can take many forms: a check cashed without permission, a forged signature, or deceiving an older person into giving her or his money away. Trusted loved ones are critical to preventing such incidents. A 2014 study by researchers at Rush University, for example, found that older adults were 14% less likely to fall for online and telemarketing scams if they had a strong network of support from family and friends.³ It also helps to remind aging family members that the IRS never calls demanding money, and that internet-dating sites can be rife with fraudsters.

Family members should also keep a sharp eye out for warning signs, such as unusual activity in financial accounts. “Aging individuals need an actively engaged network to help them plan ahead and, if worse comes to worst, recognize the warning signs,” says Keith Grindstaff, a Schwab director and legal counsel in Denver.

Financial institutions are also taking steps to combat elder exploitation before it occurs, such as teaching employees to recognize red flags in account activity or client behavior and creating teams of dedicated professionals (like Schwab’s Senior Investor Support Team) to assist clients facing diminished capacity or financial exploitation. Schwab personnel can also delay disbursements or other transactions to protect clients when they suspect fraud or in other circumstances.

Of course, the best protections are put in place long before physical and cognitive decline leaves a loved one vulnerable. “These days, it should be a part of everyone’s life planning,” Keith says. ■

**Name has been changed to maintain confidentiality.*

**LET'S
TALK**

For help thinking through the details of caring for an aging loved one, call your Schwab financial consultant today.



FOLLOW THE MONEY

Three potential **SOURCES**
of elder-care support.

INVESTMENTS, PENSIONS AND RETIREMENT ASSETS:

Taking control of someone else’s accounts typically requires a durable power of attorney (see “The paper chase,” left), which can be written to go into effect immediately or when the account owner becomes incapacitated.

LONG-TERM CARE INSURANCE:

Even the best plans typically have an elimination period between when care is required and when payouts actually begin, so be aware of your obligations before coverage becomes necessary.

SOCIAL SECURITY:

When an individual becomes incapable of managing her or his benefits, the Social Security Administration will assign a so-called representative payee—typically a family member or close friend—to oversee the funds. Learn more at ssa.gov/payee.

¹Long-Term Care Calculator: Compare Costs, Types of Service in Your Area. | ²Senior Investor Protection. | ³Bryan D. James, Patricia A. Boyle and David A. Bennett, “Correlates of Susceptibility to Scams in Older Adults Without Dementia.”

See page 46 for important information. (0218-7UCR)