

## WHAT ISSUES SHOULD I CONSIDER FOR MY AGING PARENTS?

### CASH FLOW ISSUES & LIVING ARRANGEMENT ISSUES

Do your parents need assistance in managing their bills?

Could there be sources of income that you are unaware of?

Is a plan needed to deal with a potential illness, reduced mobility?

If so, consider researching who can assist your parent(s) in developing a plan to deal with reduced mobility.

Are your parents unable to live on their own?

If so, consider the following:

- Your parents' home can be modified so care can be provided there
- Your parents may be able to move in with a loved one.
- Professional geriatric care managers may be able to provide assistance.
- Home caregivers may help with many common household tasks.
- Consider Continuing Care Retirement Communities as an alternative living option.

### ESTATE PLANNING ISSUES

Do you need the contact information for your parents' professionals (Financial advisor, accountant, attorney, doctors)?

Do important documents need to be organized?

### **Do your parents have an estate plan?**

If so, consider the following:

- Review the estate plan to ensure it is up to date and includes advanced directives (durable power of attorney, medical power of attorney, and a living will).
- Some financial institutions will not accept documents more than 3-5 years old.
- If your parents will not be subject to estate taxes, but still have AB trusts, revisit the need for the trusts and/or review the funding formula given higher estate exemptions and potential for step-up in bases planning.

### **Will your parents need Long-Term Care in a nursing home or home health care?**

If so, consider the financial impact it will have on cash flow and assets. Consider Medicaid planning and reverse mortgages.

### **Will a parent's individual estate exceed \$1.4 million or will your parents' combined estate exceed \$22.8 million?**

If so, they may have an estate tax liability due.

### **Do your parents own multiple properties?**

Ensure that residency is clear for probate purposes and to avoid the potential for probate occurring in multiple states.

### **Do the beneficiaries need to be updated?**

Check to see if all beneficiary statuses have been updated for the accounts, retirement plans and insurance policies.

### **Do the titles of your parents' accounts (investment and bank) need to be reviewed or updated?**

Add TOD to any brokerage accounts, POD to any bank accounts, or create a revocable living trust to avoid passing through probate.

### **Are there digital assets that should be preserved?**

Steps should be taken prior to your parent's passing to ensure that digital assets transfer to heirs.

## INSURANCE ISSUES

**Do your parents own insurance policies (including life, health, homeowners)?**

If so, consider checking to make sure they are adequate.

**Do your parents have LTC insurance, LTC rider on life insurance or critical illness insurance?**

If so, review the benefit triggers for this policy.

## TAX PLANNING ISSUES

**Will your parents have any deductible medical expenses?**

If so, consider the following:

- Your parents can deduct unreimbursed medical expenses that exceed 10% of AGI, which includes: transportation to healthcare appointments, modifications to a home or care for medical reasons, LTC insurance premiums (subject to limits based on age), privately hired in-home healthcare employees.
- Strategies can be used to take advantage of large medical deductions (such as accelerating income through Roth IRA conversions or capital gain harvesting).

**Are there any capital loss carryforwards on your parents' tax return?**

If so, consider harvesting the unrealized losses or consider gifting the asset to preserve the loss and avoid the step-down in basis upon the passing of your parent. Be mindful of double basis rules.

**Is one parent ill and are there any sizeable unrealized tax gains in an account owned by a healthy parent?**

If so, consider having them gift the account to the ill parent to potentially take advantage of a step-up in basis at death. Be mindful of the one-year "boomerang rule".

## ASSET & DEBT ISSUES

Are you aware of all your parents' assets?

Will there be any expenses that require your parents to sell any investments?

If your parents have annuities or illiquid assets, do they need to be reviewed to understand options?

Are you the heir to any of your parents' retirement accounts, but you do not need the assets?

If so, consider changing the beneficiaries to your heirs to create a "Stretch IRA".

Is your parent expected to pass away during the year and does your parent own any retirement accounts?

If so, consider taking any Required Minimum Distributions earlier in the year, so the heirs do not have to satisfy the RMD for that year.

## OTHER ISSUES

Are there any state specific issues that should be considered (including out-of-state property or estate tax liability)?

If so, some states have unique rules that can have a material impact, such as a liability for the surviving spouse to pay for the expenses associated with the illness of the spouse.

Do steps need to be taken to reduce your parents' risk of elder abuse?

If so, consider freezing their credit.