



Regions Wealth Podcast

Episode 19: Discussing Estate Planning with an Aging Parent

Communication is a crucial component of estate planning. Unfortunately, it's not always an easy topic for families to discuss. And when an older parent avoids discussing the topic or refuses to create an estate plan, it can put their adult children in a difficult position. In cases like these, how should adult children initiate that conversation without upsetting their parents? In this episode of Regions Wealth Podcast, Private Wealth Planner Wyeth Greene joins us to discuss the basic components of an estate plan and share tips on how to discuss this topic with your parents.

Episode Transcript

Sarah Fister Gale:

Welcome to Regions Wealth Podcast, the podcast that tackles life's challenges with financial experience, I'm your host, Sarah Fister Gale.

Communication is a crucial component of estate planning. Unfortunately, it's not always an easy topic to discuss. And when an older parent avoids the topic altogether or worse, refuses to create an estate plan, it can leave their adult children in a difficult position. In cases like these, how should adult children initiate that conversation without upsetting their parents? Joining me remotely is Wyeth Greene. He's the Private Wealth Planner for Regions Bank. Wyeth, thanks for joining us today.

Wyeth Greene:

Absolutely. Glad to be with you.

Sarah:

In this episode of Regions Wealth Podcast, we're discussing estate planning. We've taken some frequently asked questions and developed a character who needs your help. Let's listen.

Doug:

"My name is Doug and... well, I guess I'll start with the basics. I've got 5 siblings between the ages of 46 and 68. I'm 59, so I grew up right in the middle of 'em all. My parents were high school sweethearts and adored each other. Sadly, dad passed from a heart attack back in 2005, and, well, mom hasn't really been the same ever



since. She's 88 now, so I know our time with her is limited. It all goes by pretty fast, doesn't it?

Mom, well... she doesn't have any interest in creating a will. Anytime someone asks about it, she sort of swats her hand and barks, "you can fight over it when I'm gone!" She's always been real private and, dare I say, a bit territorial over her belongings. Her family lost everything during the Great Depression, so she still clings onto everything she's got. Now my dad on the other hand, he came from money, so we never, ever struggled. I think it's just this emotional thing she's hung onto since childhood. It's like she's worried she'll be cleaned out of house and home while she's still alive."

Sarah:

So Wyeth, let's start with the basics. What are the key components of an estate plan?

Wyeth:

It's a great question. So first, it's always recommended that family seek out a team of professional advisors to help guide them through the estate planning process. That would include financial advisors, estate planning attorney. And there are going to be a number of key documents that are critical for almost any estate plan. The first is the last will and testament, that's a foundational piece to all estate planning. Last will and testament is the legal document that states the wishes and directives for distribution of assets. It's also used to name the personal representative, also known as the executor. This is the person who's going to be responsible for administering the will. It also names a legal guardian for people who might have minor children involved. So it's an extremely important piece of the estate plan. Another is the power of attorney. So there's a financial power of attorney and power of attorney for healthcare.

Sarah:

Now, what's the difference between a financial power of attorney and a power of attorney for healthcare?

Wyeth:

Financial power of attorney appoints an individual to manage the financial affairs of an individual if they become incapacitated. A power of attorney for healthcare is similar, but it appoints an individual to make medical decisions on behalf of an individual if they become incapacitated.

Sarah:



And are there any other healthcare-related documents that should be included?

Wyeth:

Another key component is a living will and healthcare directive. These are extremely important because they're written statements expressing one's wishes pertaining to medical care in the event that there's an incapacity. So even decisions around terminal illness, preferences regarding life support, things of that nature. Depending on family circumstances, it's also often important to establish one or more trust. And there are multiple types of trusts, but generally, a trust is used to title and hold assets and it's used to distribute assets to the beneficiaries in accordance with the wishes of the grantor who establishes that trust.

Sarah:

And if a trust is established, are there any additional documents that need to accompany it?

Wyeth:

If a trust is established, another good document to include in an estate plan is a pour-over will. And that establishes that any remaining assets that were not titled to the trust during life will automatically be transferred to the trust at death. And the last thing that I'll mention that is very important is asset titling. That's just ensuring that assets are up to date with the intended beneficiary. So things like bank accounts, checking accounts, savings account, brokerage accounts, things like that, those are often designated as transfer on death or payable on death. The assets there will pass directly to the persons named in the instrument. Assets such as 401(k)s, or IRAs, or other qualified retirement accounts and life insurance policies and annuities, those generally pass by the beneficiary that is designated on the plan as well. So those are all very important components of any estate plan.

Sarah:

So an estate plan is much, much more than just a will and a healthcare directive. Now Wyeth, do *all* adults need to have an estate plan in place?

Wyeth:

All adults have assets and the degree to which any adult has an estate plan and how involved and all the components will vary between family circumstances. But ultimately, an estate plan simply allows an individual to have control and final say in the legacy of what they have, what they leave to their beneficiaries, whether that's a surviving spouse, a child, grandchild, a charity. So, an estate plan is also a way to maximize the value of an estate. It can help maintain family harmony by creating clear and organized directions for the transfer of one's assets. So it is important that all individuals have a degree of an estate plan.

Sarah:

And what can go wrong if people don't have an estate plan?



Wyeth:

Well, there's an old adage that says, if you don't have a will, the state has one for you. And so what that means is that without an estate plan, all assets are going to go through the state's probate process. And that is where the state is put in charge of deciding what happens to one's assets. So it would make a family's affairs public record. It can also be a very costly process to go through probate. It's a long process. Typically, it takes a while to go through. And ultimately, the results are going to be potentially very different from how the individual would have wanted their assets to be distributed if they had prepared the proper estate planning documents. Additionally, with the associated costs there could be considerably less available for those beneficiaries.

Sarah:

So Wyeth, in this case, Doug's mom is 88 years old, but at what point do you think people should start discussing estate planning with their parents?

Wyeth:

Well, in Doug's case, they should have the conversation as soon as possible considering Doug's mother's age. In other family situations, the earlier, the better when both spouses are still living, the estate plan can be addressed much earlier. That way each spouse can voice their opinions and their thoughts on how the estate's handled. So generally, the sooner, the better for when to begin estate planning. Even young adults require estate planning. So the sooner the better is kind of the general rule of thumb.

Sarah:

That's an important reminder for all of us. OK, let's check back in with Doug and listen to more of his story.

Doug:

"Mom still lives in our childhood home. That house has been in my dad's family for four generations. It's filled with heirlooms, and there's a lot of sentimental value attached. You see how messy this can get? Take six siblings, a few of whom just love to bicker, a dozen grandchildren and... when she says we can fight after she's gone, she means it quite literally. I'm scared this could get messy. Money is easy enough to split six ways, but figuring out how to divide stuff like heirloom jewelry and sentimental items? That's just a recipe for disaster."

Sarah:

Okay. So in Doug's case, it sounds like there's a going on from an emotional standpoint. What are some common hesitations or emotional barriers that families face when having these conversations?

Wyeth:



Well, I'll start by saying that these are all very common issues. There's often some family dynamics that make this a little bit difficult. People are often hesitant to consider estate planning for a couple of reasons. Some of them just don't understand what estate planning is and how it's going to benefit them. Others think that it's going to be extremely costly and that the cost might outweigh any of the benefits, something that's going to cause them to lose control or even lose privacy about what they have and they just don't want to do that. And others are worried that they don't want to give assets to their children or grandchildren. They might be concerned about how that child or grandchild will handle that.

Sarah:

So in situations like these, what do you think is the best way to convince an older parent to create an estate plan?

Wyeth:

So in terms of how to approach the subject, adult children can begin by simply asking questions. Maybe they want to say, "Mom, dad, did you ever think much about what kind of legacy you want to leave?" or "have you ever thought about creating a will?" And having an understanding of the basics of an estate plan to help drive that conversation. The children could also have action items in place such as being prepared to explain the benefits of an estate plan, maybe offering the parents help in finding a reputable estate planning attorney or legal team. The siblings could also work together on locating key documents and statements to help take the burden off of their parents. So those are just a few ways that the children can help guide their parents who might be hesitant into the estate planning process.

Sarah:

It also sounds like involving a wealth planner or someone who's not emotionally invested in the outcome might be helpful, right? So that the parent feels comfortable sharing maybe personal data they're not ready to share with the grandkids and the kids?

Wyeth:

Absolutely. Having a third party, whether it's a financial institution or another estate planning firm to help the client, as you say, feel more comfortable, maybe not sharing information that they don't want their children to know is very common and is often recommended. That also brings up another point about privacy. When parents are concerned about privacy of their assets, one of the things that children can be prepared to explain to them is that if you don't do proper estate planning, your financial affairs will be made public by the probate process. So that's just another one of those kind of tools that the adult children can be equipped with to help persuade their parents in the value of estate planning.

Sarah:

That's great advice. So, Doug talked a lot about the heirlooms and sentimental items that his mother has. What's the best way to handle those kinds of things?



Wyeth:

Excellent question. First, I think it's important for the parent to know and have in their mind how they want to handle these specific items and to be able to express why they chose which child or which grandchild gets what. That way they can have these very candid conversations with their children ahead of time, if they choose, to remove any surprise or potential anger or resentment kind of by establishing expectations ahead of time. There are certain estate planning documents that can be put in place to help distribute these assets or to name who's going to get them. So it's dependent on state, but there are written notices of bequests. Another is a personal property memorandum. And these can provide additional details on how you want to handle heirlooms and other personal items, but different states have different requirements. And again, we would advise that they work with an estate planning attorney to approach this.

Sarah:

So you're saying grandma's quilt or dad's favorite lamp may not *seem* very significant, those are often the things that cause the most friction between family members. That's great advice. Let's take a listen to the final portion of Doug's story.

Doug:

"...And then there are the financial accounts and insurance policies. Nobody has any idea what she has or any of that information... then again, no one has actually asked. I know she still has some of dad's accounts active, plus a few of her own... maybe even some safe deposit boxes. I don't know how to broach this topic with mom in a way that will convince her to take action. I don't want to make her feel bad or come off like I'm counting her money before she's gone — I'm just trying to keep the peace. I think she trusts me the most so I feel like it's my job to handle this, but I just don't know the right way to do so."

Sarah:

So Wyeth, let's say Doug's mom just refuses to create an estate plan, which as we should point out is ill-advised. Is there anything he can do now to at the minimum ensure he has a clear record of all her accounts?

Wyeth:

So, unfortunately, if a parent refuses to give up any information, the child doesn't necessarily have any more ability to get that information than you or I do. I think at this point, if a parent is refusing to have the conversation, it's really best for the child to try to determine why this is the case. And again, that would give them the tools to build an effective case for persuading their parents. So again, if privacy is the issue, or they're concerned about maintaining harmony



among the children, or just figuring out what the concern is by asking questions, then they're equipped to answer and kind of help their parent understand why the estate plan needs to take place.

Having a document checklist for this particular situation would be very helpful. And a document checklist or an estate plan checklist, provides an opportunity for the parent to list any assets out that they have. So maybe bank accounts, maybe qualified retirement accounts, any assets that they have, and that could help the parent to feel the freedom to get organized and then also provide the information that the child is looking for. But again, I think it's more about at that point, just trying to have the conversation, talk through the concerns, and try to help the adult understand why the parent is concerned.

Sarah:

A document checklist sounds like a great starting point. Good advice. So Wyeth, at the end of each episode, we like to ask for some key takeaways. So, what are some key takeaways for adult children who are struggling to have this conversation with their parents?

Wyeth:

So number one, adult children should understand at least the basics of estate planning so that when they do have the conversation with their parents, they can address the subjects with persuasion and be effective in that conversation. So just understanding the foundation of the value of estate plans. Number two, I think adult children need to be prepared with specific action items that they can take that will help alleviate some of the burden or the concern that their parents might have. So again, maybe they're going to take the responsibility of vetting a number of estate planning attorneys and financial institutions, or maybe help to create that key document checklist.

And the third takeaway I would say is that adult children should take all of this information and apply it to themselves. Adult children also need estate planning in place, especially if they have young families, they have spouses. Some of the documents that we mentioned at the beginning of today's discussion, a last will and testament, power of attorney, living will, these are all very important to have in place even for these young adults. So not just to focus on, "Hey, this is what my mom and dad need," but turn it on themselves and say, "I also need some of this estate planning in place."

Sarah:

That is such great advice, create a culture of estate planning in the family.

Wyeth:

Absolutely.



Sarah:

Thank you so much, Wyeth Greene, private wealth planner for Regions Bank. The insights you've shared with us today will certainly come in handy for many of us.

Wyeth:

Very happy to be here. And thank you for having me.

Sarah:

And thank *you* for joining us today. Each episode of Regions Wealth Podcast features a new financial challenge and fresh insights, so be sure to subscribe! And don't forget to visit us at regions.com/wealthpodcast to explore more episodes.

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