

# Managing your parent's finances: 8 steps to guide the transition

Learn how you can help and when it's a good time to start



The day may come when your parents can no longer handle their own financial responsibilities, and it might be hard for them to ask for help—even if they need it. But with a sensitive approach, you can work with your parents gradually and make the process as comfortable as possible. Here are eight steps to taking on management of your parents' finances.

---

## 1 Start the conversation early

It may be some time before your parents need your help, but start talking now. For example, consider talking to your parents about who will handle their affairs if problems arise. The National Institute on Aging recommends that parents give advance written consent to a designated family member so that person can discuss a parent's personal affairs with key professionals, such as doctors, financial representatives and Medicare officials. Without this type of preplanning, privacy laws may prevent important conversations.

Starting an ongoing dialogue now will make it easier for you to understand their financial landscape, and give you a better grasp of what your level of involvement may be over time.

---

## 2 Make gradual changes if possible

Instead of sweeping in to take charge of your folks' finances, increase your support little by little if and when it's needed. For example, if you've taken on the responsibility of writing checks, start by doing it together. This kind of gradual, sensitive approach gives them (and you) some time to get comfortable with the new arrangements.

---

## 3 Take inventory of financial and legal documents

Make a list of your parent's contacts, account numbers and the places they store legal documents such as birth certificates, insurance policies, deeds and wills. Double-check that everything is still valid and up to date, and that all accounts are in good standing. Whether you're compiling this information or taking note of where your parents have stored it, make sure any sensitive information is in a [secure location](#).

---

## 4 Simplify bills and take over financial tasks

Once everything is organized, take a closer look at any income your parents might have, such as retirement or savings, and switch those income streams over to direct deposit if possible. This will ensure your parents' money still makes it into their accounts even if a problem emerges where they are not able (or forget) to make a deposit. If paying bills is stressful for them, you might consider setting up online bill pay so things are paid automatically each month.



If you're a Bank of America customer, learn more about setting up automatic bill payments.



---

## 5 Consider a power of attorney

A power of attorney is a document, signed by a competent adult, that grants another person the power to make decisions on their behalf. There are several kinds of power of attorney, covering financial, medical or general decisions, and they can be designed to be temporary, limited to narrow circumstances or more complete. Executing a power of attorney with your parent ensures you have the legal authority to make important decisions when your parent is unable to. Contact an attorney specializing in elder law for help in drafting a power of attorney that fits your needs.

---

## 6 Communicate and document your moves

Keep your loved ones informed about what's going on—especially siblings, both yours and your parents'. Relatives can be important sources of support, and open lines of communication can reduce the risk of misunderstandings. Managing your aging parents' finances can be a lot of work, but you don't necessarily have to do it all alone.

---

## 7 Keep your finances separate

It's not a good idea to mix your finances with those of your parents, even if it seems like a convenient fix. Using your own money to help your parents out can be a slippery slope, and you should always keep your personal assets and funds separate. It's important you don't jeopardize your own [retirement](#) or [savings goals](#) as you work to help your parents.

---

## 8 Know the signs

If you've talked to your parents ahead of time, you likely have a plan in place for how to help when they need it. But knowing when it's appropriate—or necessary—for you to jump in can be a challenge. These signs may be a cue.

**Unusual purchases:** Take notice if your parents are suddenly buying things that don't fit their needs or lifestyle, or if they begin entering multiple contests or sweepstakes. This behavior can spiral out of control quickly, and older people are often vulnerable to scams.

**Piles of unopened mail:** A pileup of mail can be a sign that your parents are making unusual purchases, falling behind on bills or entering sweepstakes.

**Always complaining about money:** From claiming they don't have enough money to avoiding activities that they think might set them back, if your parents talk only about money when you're with them, it could be a sign there's a problem.

**Physical setbacks:** Fading vision can make it difficult to drive to the bank, and arthritis can turn writing checks or addressing envelopes into a painful chore. If you think activities are becoming challenging, it may be a cue they need help.

**Memory problems:** Cognitive breaks—from not knowing what date to put on a check to not remembering where to write the dollar amount—can be a major indicator that you may need to step in and help.

If you've started the conversation early, you'll know what to do when these signs emerge. If you need help, there are a number of resources available, including the [National Institute on Aging](#) and the [National Alliance for Caregiving](#).

---

*The material provided on this website is for informational use only and is not intended for financial, tax or investment advice. Bank of America and/or its affiliates, and Khan Academy, assume no liability for any loss or damage resulting from one's reliance on the material provided. Please also note that such material is not updated regularly and that some of the information may not therefore be current. Consult with your own financial professional and tax advisor when making decisions regarding your financial situation.*

---

How did this content affect your perception of Bank of America?

Tap to respond

Much More Favorable

Somewhat More Favorable

Somewhat Less Favorable

Much Less Favorable