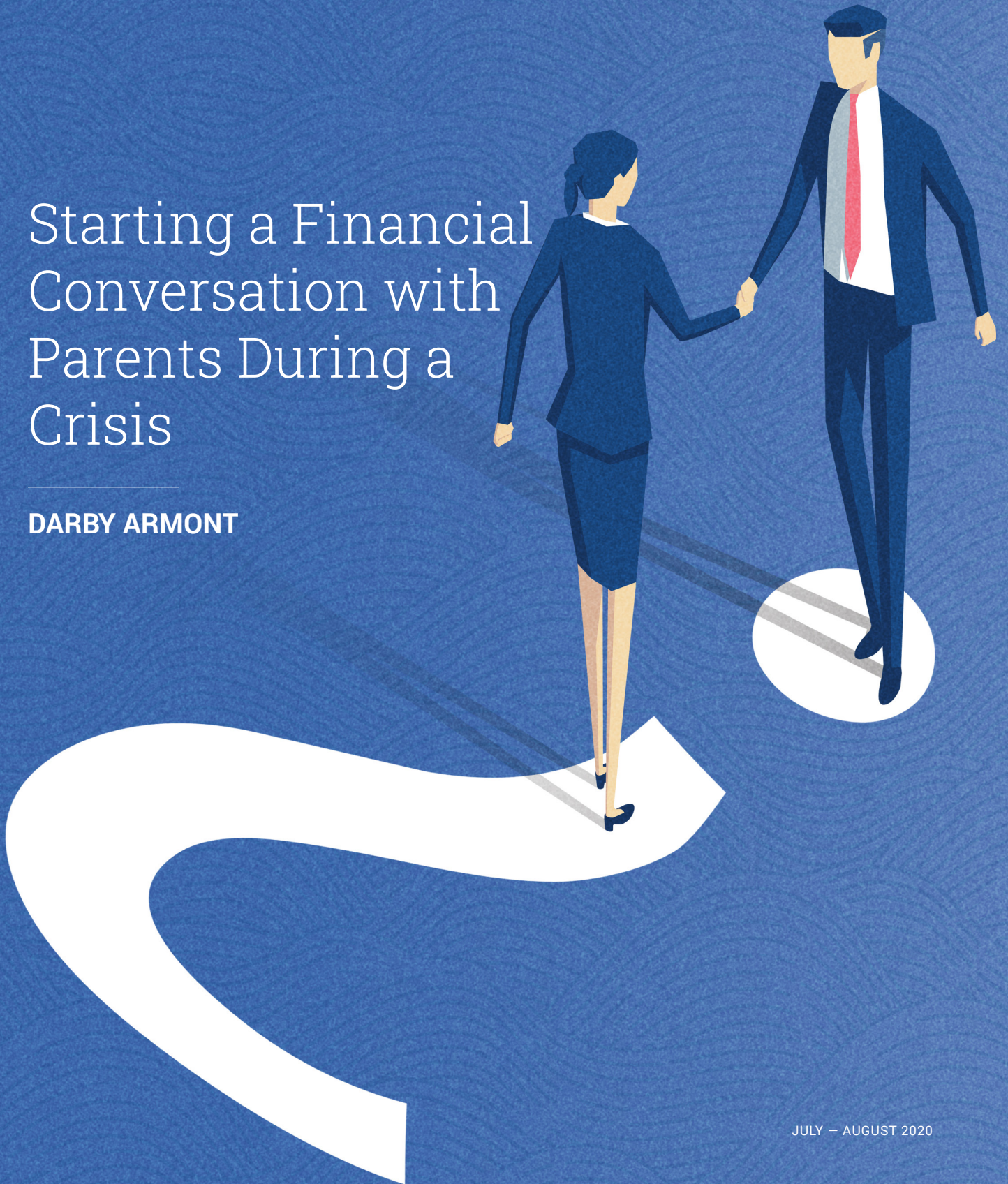


ON COURSE

Starting a Financial Conversation with Parents During a Crisis

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> **In the wake of COVID-19, many people are having to manage relatives' reactions to the pandemic that are quite different than their own.** Regardless of age, some seem unconcerned and continue to live their lives as usual. Others may be fear-stricken and over-react to ever-changing headlines.

Regardless of circumstances, some are questioning "how do I start a conversation with my parents who act as if nothing has changed?" Or, conversely, how do you help parents who are terrified of current economic conditions?

Discussions about money can be a sensitive topic in any situation, but especially so when people are feeling more vulnerable than usual. Market volatility and escalating health concerns are a particularly anxious combination to wrap

into a financial conversation.

For middle-aged adults, a good place to start is to put yourself in your parents' shoes. Perhaps a spouse has passed away – the one who guided the family's finances. The surviving spouse is navigating not only a drastic change in daily activities, but he or she now has to learn new financial vocabulary and make decisions without experience or relevant education. Don't forget, the surviving parent may also be fearing that he or she will be "sent" to a facility if deemed unable to live independently.

On the flip side, you may be observing behavior that seems to go against your expectations of what your parents "should" be feeling. Your mother may continue to gather in groups to play games or your father may not feel the need to wear

a mask in public places. They may state that they've been through difficult times before and they value personal freedom and social activities more than complying with restrictions.

how you think they should feel or react to the current environment. Some questions to ask could include:

- How would you compare this event with past crises

review them together to see how you are invested? This will help identify risky assets or allocations.

- Are you worried about your finances? What would make you feel better?
- What are your plans in the event you can't live on your own? How will you pay for your care? How will you handle a health event while COVID-19 has nursing homes on lockdown?

“As soon as allowable, create an action plan for things that need to be done now, as well as in anticipation of a future event.”

On the investment front, they may continue to take high levels of risk in their portfolio, stating that the balances will recover because they always have in the past.

If you feel a financial conversation is in order, below are some approaches that can help facilitate the discussion:

First, make yourself vulnerable. Be open about how COVID has affected you and your kids both financially and personally. Perhaps your investments have declined in value or you've been furloughed from your job. Or you've been working from home for months while trying to homeschool and entertain children.

Next, express love and concern for your parents' situation. Let them know you want to understand their personal and financial situation so you can be in the position to help if necessary, not so you can “interfere” in how they live their lives. If a sibling also expresses concern, propose a family meeting.

Start by asking questions, not telling them how you feel or

you have navigated? How have your life circumstances changed since that time?

- What are your sources of income? Do you have a pension, Social Security, stock investments, rental properties, etc.?
- Do you work with a financial advisor? Can you introduce us? If you know the financial advisor already, ask if you can be on the call the next time they do a portfolio review.
- Where are your investment accounts held? May we

The last question presents particular difficulties because it speaks to one of the biggest areas of vulnerabilities for seniors. That's also why it's the most important part of the discussion. Many families put off this conversation until there is an emergency leaving too little time to find a suitable living situation with proper care.

Another piece to consider is the intersection of portfolio risk with your parents' needs for funds. Perhaps they've gone years without distributing much from their accounts and haven't considered the possibility of a large withdrawal to pay for long-term care or to make the house safer for people with limited mo-

ABOUT RICHARD P. SLAUGHTER ASSOCIATES, INC.

Richard P. Slaughter Associates is a leading wealth-management firm specializing in delivering tailored strategies as a fiduciary for high net worth individuals, families and businesses. Slaughter Associates constructs a comprehensive financial relationship with its clients by delivering expertise in financial planning and asset management while coordinating with tax, insurance and estate professionals. The result is a holistic approach—unique in the financial industry—that generates a clear path to the individual financial goals of the client. Founded in 1991 in Austin, Texas, Slaughter Associates was among the first fee-only firms in the nation, a fiduciary status that allows it the freedom to provide advice that is always in the best interests of the client. Slaughter Associates is a NABCAP Premier Advisor, recognized for its commitment to maintaining top business standards, first-class financial-management capabilities and dedication to preserving transparency in the financial services industry.

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bility. If they have a risky portfolio that declines in value before or during a health event, they may need to liquidate assets at an inopportune time. This is a concern regardless of an event such as a global pandemic; any number of news stories can cause extreme volatility, which is why it is important to prepare ahead of time.

During the conversation, it's important to be positive (as positive as the situation allows),

and encourage available options, even if the portfolio has declined or your parents' health is at risk. As soon as allowable, create an action plan for things that need to be done now, as well as in anticipation of a future event. Make this a team effort and ensure your parents continue to feel in control of their situation.

It's also important to make financial discussions part of your ongoing relationship with your parents, not just an event

due to COVID. While we hope your parents remain willing and able to have such conversations far into the future, be prepared for the day when they are not whether due to physical or mental limitations. As your financial advisor, we are here to help you navigate these discussions, and support you and those you love. 🙌



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