

Ep16: Having “The Conversation with Mom and Dad”

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PATTI BRENNAN: Hi everybody. Welcome back to “The Patti Brennan Show.” Whether you have 20 dollars or 20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives. By the way these podcasts are not just for you, they’re also for your advisors.

We’re going to be talking today about having that icky conversation with mom and dad. Joining me is Stacey McConnell. Stacy is the chair of the Estate Planning Department at Lamb McErlane.

What I appreciate so much about Stacy is her practical approach to this whole thing we call estate planning. It can be a really overwhelming topic for a lot of people. It’s not a lot of fun to talk about, and it’s even worse to have to bring it up with mom and dad.

Welcome to the show, Stacy.

STACEY MCCONNELL:

Thank you, Patti.

PATTI:

You and I have had this experience with our clients. It’s a really important conversation that our listeners should begin to think about having if they’re not aware of their family situation, mom and dad. There are a number of different angles that you can come from as it relates to these questions.

Stacey, the thing about what I appreciate so much about your approach to these things, you are not only the oldest of five children, you have five children of your own. You’ve seen over the years a lot of mistakes made, etc.

By the way, for those of you who are listening, we did a really, really wonderful podcast. It’s turning out to be one of the most popular podcasts that we’ve done that talks about the mistakes people make in doing wills and trusts. Stacey, tell us a little bit about your family and that practical approach.



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STACEY: First of all, I'm not the oldest in my family. I have a twin brother who was born three minutes before me. We were born on the day that the time changes in the fall, October 30th.

He was born at 1:58 AM. Three minutes later, I was born. In between, the clock went back an hour. I was born at 1:01 AM, so I seem to be 57 minutes older, but I'm three minutes younger than he.

PATTI: Oh, boy. How often did that come up when you guys were little?

STACEY: A lot. [laughs]

PATTI: I'll bet it did. That is terrific. Let's talk about having this conversation with mom and dad. It can be an awkward conversation with many parents. You don't want to come across as grabby, especially if you've got a young family, you're just starting out and living on ramen noodles as Ed and I did.

Yet, it is important because you want to be in a position to be able to help your parents through the different transitions of life.

STACEY: Yes, and finding out in a crisis situation is the worst possible time.

When someone is suddenly sick and you don't know how to pay their bills, where their documents are, who they want to do particular jobs like make health decisions for them. That's not the time to find that out.

PATTI: Very good point, especially since a lot of times, people don't know where the will is or where the powers of attorney are. Again, it's a crisis situation. It's the last thing that you want to be thinking about.

STACEY: We get a call about once every couple of months from someone saying, "My father or mother died. I think they wrote a will. We're calling every law firm in the county because nobody knows where it is."

PATTI: No kidding. Boy, that's interesting. Again, folks, very important conversation to have with your loved ones. I think as we go into this, the real important thing, the key is tact and diplomacy, right?

STACEY: Correct.

PATTI: It's not information that you need to get all at once. It doesn't have to be a fire hose. We're going to sit down for three hours. Open up your books. Show me everything you have. Tell me what you're worth.



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The spirit of this is to get an understanding of what your parents have done to prepare for the different phases of their lives and the aging process. What would you recommend, Stacey? How do you approach that when you're talking with different families?

STACEY: You and I spoke about it. What I think is a great approach is having the children talk about the planning that they are doing for their young family. Say, "We have children now. We need to name guardians, so we're thinking about wills for ourselves and powers of attorney. How did you and mom handle this?"

Seek their advice. That could be an opening point to either find out they've done all the planning and it's all done, or maybe we haven't looked at it in 25 years.

PATTI: Really good point. When you haven't looked at it for 20 years, chances are what they did for your family when you were 10 years old is very different than what they would do when you're 30 or 35. Yet, all too often, people don't look at their wills or trusts and the provisions that they provided for.

It's a good catalyst. A good trigger to remind them, "Oh, geez. Maybe, we should look at it, too."

STACEY: Yes, and tax laws may have changed. That would be a detriment to the planning, often.

PATTI: That's a good point. Think about 20, 30 years ago. It was not uncommon when the most you could leave to your children was \$600,000. That's what it was when my dad died, \$600,000. Tax planning was a big part of what we did for our parents and our clients.

Now, what's the amount that you can leave to the next generation, Stacey?

STACEY: It's over 11 million dollars. For a couple, it's more than 22 million dollars.

PATTI: The trust that they set up to save all these taxes may be completely unnecessary, and yet it may be locking up money that the surviving spouse could actually need.

STACEY: Many people that come in to see me today that haven't been in in a while, we can do a much simpler plan for them. It's very, very streamlined, particularly when one spouse dies versus what it used to be 20 years ago.

PATTI: I was referred into a case where it was exactly that situation. They had not looked at their wills for 25 years and the wife died very suddenly. The husband was stuck with what they wrote 25 years before which was completely unnecessary and really tied up the money when there wasn't any benefit to it.

That's a good way of opening up the conversation. By the way, it might be a good way to



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talk about trusts. If you've got a young family and you're thinking about trusts for your children, maybe the question could be, "Gee. How do they feel about trusts in general for children?"

"Are there special ages that they would recommend in terms of giving access to the principal to children? Do they have a particular philosophy on that?"

STACEY: Yes, that's good. How do they want their trust assets? How would they recommend the trust assets be used for the children?

PATTI: You can actually put in your document that the assets can be used if the child wants to purchase a home, for example, or start a business, or for advanced education. Those things are really important. When you think about it, a will is a letter. It's a letter to the executor.

It says, "This is what I want to have happen." Think of it from that perspective. Let's set aside all the Latin, all the legalese. What do you want to write in your letter? That's so important. It can be done. You could set up different types of incentive trusts that support your values and say, "It's really important."

For example, I had a client who believed that it was important that one of the parents stayed home with young children. They put a provision that if the couple decided to do that, that the trust would pay the equivalent of a \$50,000 salary per year to the spouse that decided to stay home.

That was their values. There's no right or wrong. It's what they believed in. That was a wonderful way of communicating that to the family.

Trust can be wonderful things. It can protect your children from predators, divorce, lawsuits. It's not just done. In fact, frankly, nowadays they're not usually done for tax reasons and they can be, right?

STACEY: They can be. You have to think that it's not always the trustee isn't always a trust company. It could be another individual you know. It could be a family member. You don't have to think in terms of a trust company when you have a trust.

PATTI: That's a good point. In fact, I find that a lot of times when there is a trusted friend, or a cousin, or someone like that, they can always hire the trust company. They can always hire professionals so they don't have to know all the nuances.

Yet, you've got a human being that knows the dynamics of the family that can make decisions that you would be making if you were still alive.

STACEY: Yes. They know what's going on directly with the family, whether it's a drug issue or a



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divorce issue. That's something a trust company wouldn't know.

PATTI: Exactly. They tend to be, in my experience, very strict. The trust companies are very concerned about being sued so they're going to go by the letter of the law. To me, maybe it's just me, Stacey. I just feel like a trustee, it's a perfect word for that role. It's the people that you trust.

It's the people that would exercise good judgment.

STACEY: Mm-hmm

PATTI: All the technical stuff, you can hire people, but it's that judgment that is so important. You can set it up so that if they're unable or unwilling to serve, they can't do it, they can choose their own successor.

Again, this is a person that you would trust that would exercise that good judgment even in that situation.

STACEY: That's a very good idea to have them have a mechanism to get out of the job, at some point, if it's a long term trust.

PATTI: Excellent. What are some of the other things that you would recommend? Again, we're talking about this icky conversation. Unfortunately, in this phase of life, people get sick. A lot of companies offer long term care insurance. Perhaps finding out whether or not mom and dad believe in long term care insurance.

If yes, great. By the way, which company? Are they increasing the premiums? What's that been like? If not, getting a sense of their sources of income.

STACEY: Where those accounts are held so that if someone had to step in in a crisis, they'd literally know how to pay the bills. That's important. Try to get a basic. You don't need to know the numbers, but how to get access. If they have everything online, someone needs to know how to get into that account.

We've had that situation where someone died suddenly. We could not get into their email to find out where their assets were.

PATTI: It's a really messy, messy situation because if you don't know, how are you going to pay all those bills? How are you going to provide for that care? The last thing that most parents want is a messy situation brought on by a healthcare crisis or an estate that was poorly planned.

This can often lead to tearing families apart, which is not what most parents want.



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STACEY: It's just because they didn't plan. One example that we see a lot is a parent will put one of the children as a co owner of a bank account, when what they wanted to do was make them power of attorney on the account to help them pay their bills.

They did not want to give that account to that child, but because they're the joint owner, they get that account. Then, the estate is imbalanced.

If they're trying to be fair amongst the family members, it's out of balance and there's a great resentment in the other family members as to saying, "That wasn't mom and dad's intent." Legally, that's what happens with the joint account. It passes to the survivor.

PATTI: You brought up online accounts. One of the things that we're finding more and more often is people are going paperless. They're not getting statements in the mail. Even if they are, banks aren't necessarily sending out statements anymore.

I'm going to tell you one of those shoemaker kids stories. My mom had a bank account with a big bank, yet to be unnamed, and there wasn't any activity in the account. When there's no activity, they are not obligated to send statements. For three years, she never got a statement.

She passed away. I didn't know that she had this account. About six months ago, I was on Pennsylvania's unclaimed property site. I just typed in my own name. Saw that there was a couple of small things that were there.

Then, I typed in my mom's name. There was a \$9,000 account that had been sent to Pennsylvania because the bank didn't want to be responsible for it anymore. Have you had an experience like that?

STACEY: We have. Every time we have an estate to administer, we look at the unclaimed property of every state where they lived during their lifetime. They might have lived in Maryland 20 years ago and forgotten they have an account there, moved to Pennsylvania. We look in every state.

The biggest situation we had was a woman who had developed dementia and moved to a nursing home. She had \$800,000 at Vanguard that had been escheated to the state of Pennsylvania.

It was sitting in that unclaimed property account because they couldn't reach her by mail, and that was the policy they had to follow. There was no way to know how to find her. It ended up there, but we collected it.

PATTI: Wow.



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STACEY: If you don't know to go there, everybody should go some day and just look for themselves. You'll be surprised.

PATTI: You will be very surprised as I was. When you think about organizing financial affairs and pulling all of this together, again, you don't have to get into lots of details but, at least, to let the family know where this stuff is and who your professional advisers are, so that, at least, the kids can go to those people to get that summary, etc.

STACEY: It's so much simpler when they work with someone, Patti, the way you work with your clients, where you have all that information in one place. When we have a death, it is so much easier for the family and less stressful.

Not everybody has a Patti. If they don't, and they have money in 10 different locations, somebody needs to be able to find that.

PATTI: Thank you, Stacey. It is really interesting. Most advisers today, hopefully, are at least asking those questions. We take it to another level. I just feel like it's my responsibility to do that. That's my job. I'm the financial planner. We organize everyone's financial affairs.

We also need to get an understanding. What do we do if someone needs care? Do they have the long term care insurance? Things of that nature. If so, what is it about? If they don't have it, how are we going to pay those bills? To me, that's just part of the job.

I often tell people, a lot of advisers just manage the portfolio. It's all about the pie chart. Folks, those of you who are listening today, I don't know how to tell you this, but you're just not a pie chart. You are a living, breathing human being. You've got parents. You've got kids. You've got things that you worry about.

To be able to have that conversation, have it organized, and to run the different numbers and to have Plan B already can bring so much peace of mind to you and your entire family. Going through this, some of the other questions that you go through, you think about what your preferences are. What your wishes are.

I often think about, "Gee. When that happens – I know when my dad died, when my mom died – we knew that they wanted to be buried and cremated, to have that conversation. Is that something that you guys typically do when you are meeting with a family?"

STACEY: Yes, we have a worksheet we have clients complete. That's one of the questions on there. We point out that we don't think that's a great thing to put in the will. It's something to communicate ahead of time to the family what you want. Particularly, when it's a blended family, it could be very difficult.

We had a fight in court about fighting over the ashes between the second spouse and the



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first children. That was just a terrible thing at a terrible time.

PATTI: Wow, that's amazing. I am reminded of a pretty crazy story. Again, in my own situation, the shoemakers kids stories. My mom had moved to Florida, and she had made it clear that she wanted to be cremated and buried up here in Pennsylvania next to my dad.

When she died, I flew down. I was the executor, etc. We made those arrangements. We had her cremated. As I was talking with the funeral home, they said that they would take care of mom and then FedEx her cremains to my home up in Westchester.

It sounds great. Everything was done. We were planning a memorial two months later. Then, the weeks went by. I was traveling. Talked to my son. Michael said, "Oh, Mom. You got a FedEx package." Of course, I thought immediately, "Oh, that's mom."

I was gone for about a week, came home, went to my son and said, "Michael. Where did you put that FedEx box?" He said, "I put it right on the hall table." I said, "It's not there. Where did you put the FedEx box?" He said, "I put it on the table. It was right there on the hall table." I said, "Michael, that's my mom. Where'd you put mom?" He said, "I didn't put her anywhere."

Stacey, I swear to God, I lost 10 years of my life for the next two weeks. We turned my house upside down, every closet, every drawer, looking for mom. I couldn't bear the thought of having to go back to my six brothers and sisters and say, "I don't know how to tell you guys this, but mom's missing."

They would kill me. I felt like I was seven years old all over again. Of course, mom is up in heaven looking down on me making me feel like five. It was a difficult, difficult time, a weird situation. About two weeks after that, I was at the house. Sure enough, the doorbell rang. There was mom.

For whatever it's worth, really important to have that conversation. Do you want to be cremated? Do you want to be buried? By the way, where? Who are you going to give that responsibility to? That was one of those situations where it was when you're doing the wash and the socks get lost, except this time it was my mom.

STACEY: [laughs]

PATTI: Just to pull this together. We're going back to having that conversation, that icky conversation with mom and dad. The best approach that you found and that I found is to approach it very softly. Again, it doesn't have to be all at once. The takeaways here are easing into the conversation.

Stacey, probably asking for advice vs. mom and dad. What did you do? You need to tell me



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right away.

STACEY: Yes, that might be an easy way to get them to open up.

PATTI: Because most parents don't want that messy situation tearing their family apart. It's a tough topic to bring up. It's probably better to have a list of questions already prepared.

Finally, for those of you who are the parent, please do your family a favor, and don't wait for them to bring up the topic.

Have your financial affairs already organized. Maybe, bring it up to the kids yourselves and just very generally gloss over. Talk about some of the things that you've done to prepare for, whether it be a healthcare issue or the death of one or both of you.

STACEY: That's right. I think everybody think there's another day when they can do that, but there isn't always another day to do that, and always think there's more time in the future.

PATTI: One of the things that I have found is that as you do that again, you could do it voice to voice, person to person, or you could even put it in writing somewhere. It's a wonderful opportunity to communicate your values and what your hopes and dreams that you have for your children.

Imagine being your kids. What a gift that would be for them to read something like that, especially if it's in your own handwriting.

STACEY: It's very compelling in that fashion. Particularly, if you have certain keepsakes around the house that you worry will be touchpoints for emotional division in the family. To have that in writing as to who's to get your diamond ring. Who's going to get dad's tools? Whatever you think is going to be important.

It's good to put that your own writing and store that in a safe place with your other estate planning documents. You can always change it in the future, but at least, put something down.

PATTI: Exactly. That's another good point. It's a flexible approach to these things. Stacey McConnell, thank you so much for joining us on our podcast today. Folks, that's pretty much it about as it relates to having that icky conversation with mom and dad.

If you are mom and dad, just go ahead and start that ball rolling and have the conversation. Make sure your financial affairs are already organized and in a place that's easy to find. If you want to get a hold of Stacey, we'll have her contact information in the show notes.

If you like this episode, please feel free to share it with others. Share it with other advisers,



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This is Patti Brennan. Thank you so much for joining us on the Patti Brennan podcast. We will see you in a couple of weeks.



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