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Lynn's Top Five

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Most parents hope to avoid becoming a financial burden to their children. But increasingly, adult children are being called upon to help not just organize their parents' affairs and hire care managers, but also to step up with real financial support as well. There are ways you can provide this assistance while being government benefits aware as well as tax and estate planning adept. Here are five for your consideration:

1) Check available assistance opportunities. You're busy so it's tempting to just write a check to help Mom and Dad. But before you do that, get up to speed on the current laws, regulations and government assistance benefits and programs that your parent's might find advantageous but not qualify for if you increase their income by providing financial support. Your Certified Financial Planner professional can work with you to find the most knowledgeable care manager, benefits specialist, and/or attorney who specializes in elder law, and who are a good fit in your family's unique situation.

2) Buy long term care insurance for your parents, or set up a sibling/family member funded trust. If you and your siblings see that your folks have limited means and won't have enough assets if they need care later in life, perhaps you pitch in and purchase a long-term care policy while they are in good health to protect your assets later on. If that's not a viable option for you, and you and other family members who are providing assistance have the means, you may wish to consider setting up a mutually funded trust for your parents' benefit. Paula Goodwin, a tax and estate law attorney who lives in Orinda and practices law with Schiff Hardin in San Francisco, believes in the importance of protecting the assets for future possible need while at the same time ensuring that if you or other donors pass away before your parents do, any unused assets are returned to your family or other appropriate heirs, and do not become part of your parents' estate (and thus be distributed via the terms of their will or trust).

3) Consult with a tax advisor. If you are providing income support, it might be a high enough amount that you can claim one or both as a dependent. Also, if you have choices of how to provide support, think about paying their medical expenses so that you aren't limited to the $14,000 annual gifting rules. Paula also notes that when monetary support for parents is needed "a great planning tip is to gift appreciated assets to your parents and let them sell in their tax bracket, if lower than your own."

4) What if your parents live out of state? Paula also reminded me that parents often reside in different states of residence than their adult children. While you may be very knowledgeable about

benefits available to California residents and California tax laws, consult with pros where your parents live before making financial planning decisions. And these long-distance relationships really lend themselves to care managers, since you aren't local enough to really supervise the actual care providers who are helping in your parent's daily lives.

5) Protect what your parents own. Sometimes the best advice is the simplest: Be sure copies (if not the originals) of all of your parents' financial statements come to you, and review them in detail! Of course, being the trustee or co-trustee with your parents and/or siblings may be the approach you use. But if you are not a listed trustee, your parents can still request that institutions send you copies of statements.

As you can imagine, this column just scratches the surface of the complex issues that come into play when we step in to assist our aging parents financially. The best advice is to communicate with your parents and other family members as much as possible to learn what your folks really need and what resources the family has available. Bring pros who specialize in these areas of planning into the conversation as early on as possible. As you go forward and implement your parental assistance plans, be sure to review regularly how things are unfolding, how resources and needs may be changing, and the ever evolving tax and estate planning laws. From my own experiences and my heart, I wish you the very best on this challenging journey.

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