

10 Things Your Parents Won't Tell You Good news: Mom and Dad are loaded. Bad news: They love your brother best.

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By [KELLI B. GRANT](#)

1) "We're rich."

Andrew and Warren K. Johnson knew their dad Warren W. collected coins, but it wasn't until after he passed away in April that they discovered the full scope of his hobby. Stored away in boxes on shelves in his Grosse Ile, Mich., home's basement was a sprawling coin collection, including hundreds of Morgan and Peace silver dollars, each of which is worth about \$30 for the silver content alone but can fetch upwards of \$100 for rare types and those in great condition. "It was jaw dropping," says Andrew Johnson, who has the coins in a safe-deposit box for now. "We wouldn't be able to retire on it, but it would make a nice inheritance."

Surprise inheritances aren't uncommon. In a recent U.S. Trust study, 52% of parents with assets of \$3 million or more said they haven't told their children just how wealthy they are, and another 15% haven't even said told them that they're well off. Why are they withholding? Most parents think they have plenty of time to talk about money later, and don't want the knowledge of wealth to be a burden, says Joseph Falanga, the president of the National Association of Estate Planners & Councils. There's also the fear that kids might become lazy or make bad choices in anticipation of a windfall. But not talking about inheritance comes with its own pitfalls, says Myra Salzer, founder of The Wealth Conservancy, which helps heirs manage their finances. For example, she said one of her clients invested a \$250,000 inheritance rather than pursue his dream of becoming a racecar driver -- not realizing his parents had also left him a multi-million dollar trust that would come a few years later. By then, he was too old to be a driver, she says.

2) "You're not in the will."

There's another big reason so many parents haven't talked about their net worth with their kids: They aren't planning to give any of it to them. The U.S. Trust study on wealth disclosure also found that 49% of respondents don't think it's important to leave a financial inheritance. Instead, many parents are planning to give their money to charity. Parents who are angry with a child might cut kid completely out of their wills, or subject him to a long list of criteria in order to claim his share, says Marilyn Capelli-Dimitroff, a certified financial planner based in Bloomfield Hills, Mich. You might need to wait until you're 60, for example, or keep working in order to get your payout. Children may also be cut out inadvertently, says certified financial planner Lynn Ballou, a managing partner at Ballou Plum Wealth Advisors in Lafayette, Calif. For example, if a divorced or widowed parent remarries, his or her assets automatically go to the surviving spouse unless a trust had been set up for the children.

The lesson: Don't make any major life or money decisions based on the assumption you'll be receiving a big inheritance, say experts. For parents, make sure to review the terms and costs for a complex will that includes requirements for claiming an inheritance. "By the time the lawyers and trustees get their part of it, there may be nothing left to inherit," Ballou says.

3) "Someone is taking advantage of me."

Older adults are targets for all kinds of financial scams, frauds and exploitations, says Sally Hurme, a senior project manager with AARP's consumer protection division. They generally have money, she explains, and with more free time on their hands may also be more prone than others to risky behaviors like listening to a phone pitch, entering their names in drawings and reading junk mail. Those that need daily help are also more likely to be taken advantage of by caregivers and family members, Hurme says. Last year, losses from that broad range of elder financial abuses tallied \$2.9 billion, a 12% increase from 2008, according to the MetLife Mature Market Institute. Worse, fraud victims age 55 and older are less likely to acknowledge or report the fraud. The recent AARP Foundation National Victim Fraud Study found that 37% of older victims admitted they had been scammed, while 55% of younger victims did so. Just 25% reported the crime, versus 44% of younger victims.

Adult children should be aware of their parents' finances to some extent, especially if they are providing regular care, says Robin Joy, a spokeswoman for Caring.com <http://www.caring.com>. Just as with your own accounts, that allows you to red-flag suspicious transactions. Adult children can also limit caregivers' ability to steal by providing a prepaid debit card for out-of-pocket expenses like groceries and medication co-pays, instead of carte blanche access to their checkbook.

4) "It's my fault you're bad with money."

Growing up, Mandy Williams always heard her mother lament that she didn't have a Mercedes Benz or designer clothes. "She said they couldn't afford it, and constantly told my sister and I that we needed to make sure we got those things," recalls Williams, who bought them all and much more as soon as she graduated from college, racking up thousands of dollars in debt that she then spent years paying off. Turns out, her mother wasn't telling the truth about why she went without the mink coat; she was actually a great saver -- something Williams realized just a few years ago when a review of the family accounts revealed a substantial nest egg and no debt. "If my parents have made it more obvious to me that they had never paid for anything but the house on credit, that would have shaped my own financial decisions for the better," she says. Williams says her mother declined to comment.

Parents often do a poor job teaching their kids about finance, say advisers. "If I could wave a magic wand and have one wish, it'd be that parents and kids could sit down and have a candid conversation about money," says Ted Beck, president for the National Endowment for Financial Education. Kids pick up on parents' financial actions, but it's not always clear to them what they should be emulating or avoiding. That has long-term financial consequences. The 2011 National Foundation for Credit Counseling financial literacy survey found that 42% of Americans picked up their money habits from their parents. Yet 56% of those adults do not have a budget, 28% don't pay their bills on time, 32% don't save for retirement and 33% don't save at all. Scarier: more than half would still give themselves an "A" or "B" grade in financial literacy.

5) "You're ruining my retirement..."

Hitting up the Bank of Mom and Dad for cash is still common -- even for adult children. Nearly 60% of parents are providing some kind of financial support for adult children, according to a recent survey from the National Endowment for Financial Education. But the bulk of parents can ill afford that extra expense: 26% have taken on more debt to help their kids, and 7% have delayed retirement. Not that you'll ever hear that from them. "It's hard to tell your children you don't have the money to bail them out," says Beck. "No one wants to see their kids struggle."

Parents' attitudes may be shifting. A 2011 Country Financial survey found that 46% of Americans say it's more important to save for their own retirement than a child's college education. That's up from 43% who thought so in 2010, and 41% in 2009. That said, it's absolutely necessary for parents and adult children to have a discussion about what's affordable. "Make sure your family understands what you can do without putting yourself at risk," Beck says. That might mean offering a loan rather than a gift, or asking a child moving back home to offset the cost by buying groceries and gas for the car. Adult children should also be thinking about the financial consequence of leeching too much from their parents. Keep in mind that 47% of Boomers have saved \$100,000 or less for retirement, according to the 2011 Scottrade American Retirement Survey. "If I'm putting myself at risk here to help you out, guess what, I may move in with you," he says. "I may outlive my resources."

6) "...just like I'm going to ruin yours."

It is a very real risk that adult children will need to use their own savings to help care for an aging parent, whether that parent still has some financial resources or not. MetLife estimates 17% of men and 28% of women care for an aging parent, up from 3% and 9%, respectively, in 1994. Even without out-of-pocket expenses, care-giving costs the average woman \$324,000 in lost wages, pension and Social Security benefits, while men lose \$284,000, says gerontologist Sandra Timmermann, director of the MetLife Mature Market Institute. "In some ways, that's a rather conservative estimate," she says, noting that the study didn't look at lost contributions to 401(k)s and other retirement plans. "This is the tip of the iceberg." But staying in the workforce in order to pay for some help may not be an option either. Last year, the average rate for a private nursing home room increased 4.6%, to \$83,585 a year, according to MetLife's annual survey, while fees for an assisted living facility rose 5.2% to \$49,516.

Parents should assess their finances as though they will live to be 100-plus, says certified financial planner Ballou. That might mean buying long-term care insurance to supplement lackluster savings, as well as reviewing benefits earned from employers and the government. Adult children should also ask parents about their retirement plans and the likelihood of them needing help, so there are no surprises and they can start planning, too, she says.

7) "I'm having health problems."

"Parents are used to being in the role of strong person," says Joy of Caring.com. "They may not want to face the reality of their worsening health, and they may not want their children to have to face it, either." There's also the fear that admitting to memory lapses, an unexpected fall or a new set of aches and pains will lead to less independence. But hiding such episodes can lead to bigger, more expensive problems down the road. High blood pressure, for example, is treatable with medication for as little as \$10 per month but left undiagnosed could lead to a heart attack or stroke, says physician Davis Liu, the author of "Stay Healthy, Live Longer, Spend Wisely." A weeklong inpatient hospital stay for either can top \$9,000, reports [Healthcare Blue Book](#), plus extra costs for follow-up treatment and additional procedures. (A 2006 National Institutes of Health study estimated that lifelong costs, including indirect ones from lost productivity, could top \$1 million.)

In some cases, it's not that the parent is trying to hide a medical problem, but that the medical records are scattered among different doctors to whom the child may not have access. Even if the parent has granted permission, tracking them all down isn't easy, say experts. "No one in the health care system is coordinated -- it's a nightmare," says Rozanne Weissman, a marketing communications consultant in Washington, D.C. who made medical decisions on behalf of her mother before her death from congestive heart failure in June 2010. Adult children must walk a careful line to show that they value both their parents' safety and their independence, says MetLife's Timmermann. Talk to your parents

about their important health and financial paperwork while they are in good health, as well as what medical directives they want followed in an emergency.

8) "I'm an addict."

The ranks of older Americans who are addicted to drugs, alcohol and gambling have been growing rapidly over the past decade. People aged 50 and older accounted for 12.2% of admissions to drug and alcohol rehab centers in 2008, a 70% increase from 2000, according to the Substance Abuse and Mental Health Services Administration. No coincidence that rapid growth came as more boomers entered the over-50 set, says Dr. Peter Delany, director for SAMHSA's office of applied studies. "A lot of these users were people who had done it all along," he says.

While many addicts of all ages have difficulty admitted they have a problem, experts say seniors may have a tougher time -- and a harder road to recovery. "These are folks that are generally not able to get back in the workplace," which makes losses more devastating, says Keith Whyte, executive director for the National Council on Problem Gambling. "For the problem gambler, you're always one bet away from getting it all back," he says. Older adults with drug problems risk exacerbating existing health conditions like hypertension, Delany says. In either case, adult children should be on the lookout for markedly different behaviors, as well as money problems. "The reality is that it's there," he says. "We tend not to look for it." (One caveat: Some health problems and bad reactions to medicine can mimic the symptoms of addiction, Delany says. Tread cautiously until you're sure, he advises.)

10) "I love your sibling more."

"One of the hardest things to accept is that families, like life, aren't fair," says Francine Russo, the author of "They're Your Parents Too! How Siblings Can Survive Their Parents' Aging Without Driving Each Other Crazy." It can be especially galling to discover your parent is closer to a sibling. Some parents go so far as to give one child power of attorney without telling the others, Russo says. "They don't want to deal with the hurt feelings, so they don't talk about it," she says. But it's the posthumous distribution of assets that really triggers sibling rivalry -- and fuels the majority of cases where a will is contested, says Steve Hartnett, associate director of education for the American Academy of Estate Planning Attorneys. "Usually, they perceive greater needs for one person than another," he says. One child might have medical problems, for example, or a profession that earns far less than their sibling's. Parents may also use the inheritance to reimburse a child that provided took care of them. And yes, favoritism comes into play, too.

Estate planners typically advise against bequeathing one child more than another, but even absolutely equal splits can misfire if one sibling believes he or she is entitled to a larger share. "Having it explained ahead of your death is crucial," Hartnett says. Parents can also structure their will to allow one child to voluntarily give up part of his or her inheritance to benefit another sibling. That puts the choice -- and any potential fights -- in their hands.