

Key Conversations

How to Discuss Long-Term Care and Diminished Capacity with Your Children

Long-term care and diminished capacity are critical topics that every family must tackle. While these can be sensitive subjects to discuss, parents who provide their children with insight help secure the financial future of the entire family. According to Key Private Bank's Advisor Poll focusing on the next generation, 82% of advisors say transparency into family finances is of critical importance to raising financially independent adult children.

Recommendations for starting the conversation with your children

What are the events that would trigger a long-term care or diminished capacity plan?

Have an open and honest conversation with your children about the life stages and events that would activate a plan to address long-term care needs or diminished capacity. Discuss specific health scenarios—for example, does your family have a history of degenerative illnesses, such as Alzheimer's?

What are your long-term care preferences, and which option might be right for you?

Be vocal with your children regarding your long-term care preferences, and inform your advisor of those preferences. Whether you choose in-home care, living with a relative or an assisted living facility, having the conversation now will ensure an easy transition later.

How will your long-term care be funded? Can your family benefit from long-term care protection?

Have you thought about how your family will fund your long-term care? Consider that long-term care is often the largest, highly variable expense falling outside of what's covered under Medicare. Additionally, location plays a big role. According to data recently published in *Barron's*, "The median annual cost of a private room in a nursing home is \$155,125 on Long Island, NY; \$182,318 in San Francisco; and almost \$126,000 in Naples, FL—far pricier than the median \$74,000 in the Dallas area." Determine whether you will need long-term care protection to cover these costs.

Have you created the appropriate legacy and estate planning documents?

Remember that some decisions require formal documents to be created—such as a will or a trust. Consult the Key Private Bank Legacy and Estate Planning Checklist to help you and your children make the right choices, and work with your advisor to make those choices official.

Where are your important documents located? Are they all up-to-date?

Important documents range from property deeds to credit card statements, from insurance policies to retirement plan information. Be sure you keep your important documents up to date, and talk to your children about how and when to access them.

Who are your and your adult children's emergency contacts? Who has financial and healthcare power of attorney?

Identify which of your children or family members should serve as your emergency contact, as well as who should hold the power to make financial and healthcare decisions on behalf of you and your adult children. Talk to them about your specific wishes in the event of a medical emergency or death.

What are the ongoing financial responsibilities and priorities that your children will take on?

Be specific about the recurring financial duties that your children must handle on your behalf. Consult with your advisor to create a detailed list of monthly, quarterly, and annual financial responsibilities. If you have specific goals—for example, college savings—now is the time to discuss.

What are your preferences for communicating with and involving your advisor in financial decisions?

Your financial advisor has a full view of your family's finances and plays an essential role in helping you plan for the future. Sit with both your children and your advisor to agree on the involvement and responsibilities of your advisor as you age.

How often will you revisit this conversation?

Just 5% of advisors say family financial conversations happen more than once a year, and 73% of advisors say parents often overlook the importance of consistency with these discussions, according to the Advisor Poll. Work with your advisor to create a timeline and schedule regular financial touchpoints.

For more information, contact your Key Private Bank Relationship Manager.

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