

# Caring for Aging Parents

Written by Nicole Drury and Stephanie Vitti

---

**Brain Teaser of the Month:** *The Paris 2024 Olympic medals will contain what type of metal (besides gold, silver, and bronze) from the Eiffel Tower?*

*Answer on Page 4*

As your loved ones age, it's important to have an open dialogue about their wishes and expectations. Although it can be uncomfortable at first, knowing that affairs are in order can be one small comfort during difficult times.

Below is a checklist to consider as you speak with your parent or loved one as they get older.

## Determine the expectations for Long-Term Care

You may want to find out how your parents feel about being cared for, should the need arise. Some parents expect their children to provide care or resources, while others may equate having their children care for them as being a burden. Think about whether you agree with their notion of the future and what you are willing to take on.

Do your parents have long-term care insurance? If so, you should obtain an updated copy of their policy so you can fully understand what's covered.

Long-term care can be further complicated when there are multiple children living in different locations. Sometimes, the physical care will fall to one sibling more than others. Even if your parents live independently, they may need help getting to doctor appointments or preparing meals. It's important to come up with a solution that fits everyone's needs.

## Review the Estate Plan

If your parents don't have a will, they should understand that the state will decide who gets their assets. In New York, the rule is that the surviving spouse inherits \$50,000 off the top of the decedent's estate. The remaining balance is then distributed: 50% to the surviving spouse and 50% to the decedent's children<sup>1</sup>. This might be a big surprise to the surviving spouse, who likely assumed they would naturally inherit everything. Drawing up an estate plan can make things easier for everyone involved.

You may also want to find out your parent's wishes as far as funeral and burial plans. Do they have a plot? Do they wish to be cremated?

## Review documents concerning illness and incapacity

Your parent's ability to handle future financial and medical matters may deteriorate. Now is the time to make sure they've identified people they trust to make decisions for them in the event of incapacity. Beyond the will, here are the documents they will need to prepare with an estate attorney:

- **Living Will** – this document contains your parent's wishes regarding medical intervention to prolong their life in certain medical situations (for example, if they suffer irreversible loss of mental capacity and are in a vegetative state or coma).
- **Durable Power of Attorney for Health Care** – also known as a health care proxy, this appoints someone to make health care decisions on their behalf if they are unable to do so. Without a health care proxy, their spouse or closest blood relative will generally be appointed.
- **Durable Power of Attorney for Financial Matters** – this appoints someone to make financial decisions if your parent is unable to do so.

## Determine where important documents and financial records are located

If there is a will, you should find out where it's located. The original will should be kept in a place where the executor has easy access to it, or with an attorney.

**The original will should not be kept in a safety deposit box because upon death, the bank will seal the box until the executor proves their legal right to access it.**

You will also want to know the names and contact information of trusted advisors (estate attorney, financial advisors, accountant, insurance agent) and the location of all bank and investment accounts, pension statements, military records, safe deposit boxes and deeds.

## Review beneficiary designations

There are certain assets that have named beneficiaries. Examples include IRAs, Roth IRAs, 401(k) accounts, 403(b) accounts, Transfer on Death accounts, Annuities and Life Insurance policies<sup>2</sup>.

**Any asset with a named beneficiary will supersede the will.** For this reason, you should make sure your named beneficiaries are up-to-date and reflect your current wishes.

## Review account titling

Run through the list of accounts your parents own. The type of account titling can drastically affect how assets are left and who will have access immediately upon death. Some important points to think through:

- When someone dies, their financial accounts are flagged until their executor presents a death certificate and letters testamentary to the financial institution. **It may be the case that even a joint account can be frozen and the joint owner will not have access for a period of time.** For this reason, it is important to make sure that the surviving spouse or children will have access to cash for liquidity needs to pay for funeral expenses, final bills, etc.

- Assets held in an individual's name will receive an adjusted cost basis upon that person's death. This means that if a stock was purchased for \$5 and is now worth \$100, the purchase price will be stepped up to \$100 (erasing the entire capital gain). This is an incredibly valuable tax savings depending on how large the capital gain is. Assets held in joint name will receive a 50% adjusted basis (in community property states, all community property assets receive 100% basis adjustment).

When both spouses are still living and there is a need for end-of-life financial planning (for someone who has a terminal illness or is very advanced in age), it is worth reviewing where low basis stocks are held (individual or joint name), and discuss with the attorney if it makes sense to transfer them to the individual's name that you think may pass first to get the full adjusted basis.

On another note, asset held in individual name might warrant transfer to joint ownership if both spouses are healthy. For example, if a home is held in one spouse's name and the other spouse dies, the surviving spouse would have no adjusted basis at all.

- For people who have Revocable Living Trusts, these should be reviewed to make sure all assets that should be titled in the trust are actually titled in the trust (including the home). If the home is left out, it could trigger probate and a delay in being able to sell the home.

A note of caution – sometimes, parents will deem one child “the responsible one” and name that child as a joint owner on their accounts. This is done so the child will have unfettered access to pay bills, etc. While well-intentioned, understand that this child will become the sole owner of those accounts if titled “joint with rights of survivorship” as the child will be the survivor. To avoid this, it's better for the child to have Power of Attorney vs. being named as joint owner.

## End-of-Life Planning

There are sometimes situations where one spouse is terminally ill and some advanced planning may make sense. A few things to consider:

- If the person is currently taking RMDs (required minimum distributions) from a retirement account, they may choose to complete this withdrawal early in the year to avoid having the beneficiaries deal with the RMD after death.
- If the person is currently gifting, they should make gifts early in the calendar year as the ability to gift ends at death.
- As mentioned above, it may make sense to review where low basis stocks are held (individual or joint name) and discuss if it makes sense to transfer them to individual name.
- Consolidating accounts may make sense, to simplify for the surviving spouse/children.
- As mentioned above, it's important to review that there is sufficient liquidity in the surviving spouse's name if most accounts are joint (they will be frozen until the bank has the correct paperwork in hand). If there is no spouse, consider having a separate account that the children/executor will have access to for immediate needs (burial, last expenses, etc.).

If you have any questions or would like to discuss, please feel free reach to out to us.



*Names from Left to Right are: Stephanie, Ryan, David, Linda, Evan, Nicole, Marybelle, Michael, Dave, Melanie*

## **HLS Wealth Management at Morgan Stanley**

55 East 52<sup>nd</sup> Street  
11<sup>th</sup> Floor  
New York, NY 10055

Evan Semegran  
Managing Director, Wealth Management  
Financial Advisor  
212-492-6324, [evan.m.semegran@ms.com](mailto:evan.m.semegran@ms.com)

David Glickstein  
Executive Director, Wealth Management  
Financial Advisor  
212-492-6792, [david.b.glickstein@ms.com](mailto:david.b.glickstein@ms.com)

Michael H Bertelle  
Assistant Vice President  
Investment Consultant  
212-492-6305, [michael.bertelle@ms.com](mailto:michael.bertelle@ms.com)

David Bent  
Registered Associate  
212-492-6734, [dave.bent@ms.com](mailto:dave.bent@ms.com)

Ryan Dorian  
Registered Client Service Associate  
212-492-6972, [ryan.dorian@ms.com](mailto:ryan.dorian@ms.com)

Nicole Drury  
Executive Director, Wealth Management  
Financial Advisor  
212-492-6323, [nicole.drury@ms.com](mailto:nicole.drury@ms.com)

Stephanie Vitti  
First Vice President  
Financial Advisor  
212-468-4526, [stephanie.vitti@ms.com](mailto:stephanie.vitti@ms.com)

Melanie Burnett  
First Vice President  
Group Director  
212-492-6754, [melanie.burnett@ms.com](mailto:melanie.burnett@ms.com)

Linda Zheng  
Wealth Management Associate  
212-551-7225, [linda.zheng@ms.com](mailto:linda.zheng@ms.com)

Marybelle Santiago  
Senior Client Service Associate  
212-492-6911, [marybelle.santiago@ms.com](mailto:marybelle.santiago@ms.com)

**Brain Teaser of the Month Answer** – *Athletes who win medals at the 2024 Summer Olympics and Paralympics in Paris won't just win gold, silver or bronze. Their medals will also include a piece of iron from the Eiffel Tower itself.*

**Sources:**

1. [Intestacy - When There Is No Will](https://nycourts.gov/) | NY CourtHelp - <https://nycourts.gov/>
2. [Understanding Which Assets Must Go Through Probate](https://agingcare.com) – agingcare.com

**Disclaimers:**

This material has been prepared for informational purposes only. It does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley Smith Barney LLC (“Morgan Stanley”) recommends that investors independently evaluate particular investments and strategies and encourages investors to seek the advice of a Morgan Stanley Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Past performance is no guarantee of future results.

Morgan Stanley Smith Barney LLC (“Morgan Stanley”), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trusts, estate planning, charitable giving, philanthropic planning or other legal matters.

Morgan Stanley Smith Barney LLC does not accept appointments nor will it act as a trustee but it will provide access to trust services through an appropriate third-party corporate trustee.

Life insurance, disability income insurance, and long-term care insurance are offered through Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.

**Morgan Stanley Smith Barney LLC. Member SIPC.  
3644767 06/2024**