

Families Avoid Talking About Financial Topics

December 02, 2013 By Cyril Tuohy

InsuranceNewsNet

A major new study by Merrill Lynch finds the majority of Americans age 50 or older unprepared for big family events, a situation made worse by family members' reluctance to discuss financial topics.

Big events that could potentially upset a family's financial balance include an adult child moving back in with parents, the loss of a spouse through death or divorce, early retirement, giving care to an elderly parent, and becoming a burden on children.

"Too often, people plan for their retirement without factoring in how they might be called upon to help out their adult children, aging parents and siblings," said Ken Dychtwald, founder and chief executive officer of Age Wave, a consulting firm which released the study in conjunction with Merrill Lynch.

We have entered an era of "extended longevity and increased family interdependencies," he said. This requires retirement planning not only for married couples, but for in-laws and step-children.

More than 5,400 people participated in the survey titled "Family & Retirement: The Elephant in the Room." The results, released earlier this month, reveal the effects of changing family dynamics and how the changes affect financial circumstances.

One in five parents age 50 or older have at least one "boomerang" adult child who has moved back in with them, and more than two-thirds of parents have provided financial support to adult children – mostly to help pay the rent or the mortgage -- during the last five years, the study found.

Less than a quarter of respondents said they would be well prepared if their spouse died, and less than a quarter of adults age 50 or older said they would be prepared if their spouse were to retire early due to illness, the study also found.

More than nine out of 10 respondents said they would not be prepared if an aging parent or relative needed extended long-term care, according to the study. While 37 percent of people age 50 or older believe they may need long-term care, that number is closer to 70 percent, the survey said, citing U.S. government statistics.

Most striking, perhaps, is the fact that as many as 70 percent of adult children have not talked to parents about retirement and aging, and more than half of parents have not discussed important financial issues such as a will, inheritance or even where they plan to live.

“Although many of these topics can be difficult to discuss, there is a clear benefit to having family conversations and planning ahead,” David Tyrie, head of Retirement and Personal Wealth Solutions for Bank of America Merrill Lynch, said in a news release.

The more families speak about the long-term future the better prepared they are likely to be, the survey also found.

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