

July 9, 2018

From Our Library:

When the Kids Become Adults: Are They Ready? Are You?

Your kids are finally grown and out of the house. You've done your job to raise them and provide for them should something happen to you. Time to kick back and relax!

Or is it? As your children enter adulthood there are a few things you may need to tend to. So here's one more list of stuff to do for your kids:

1. Any child over age 18 should have a **health care power of attorney** naming appropriate people as primary and successor representative. A young adult will most likely name a parent as primary. If married, the parent is often named the successor rep. The important thing is to make sure this document is in place so that if something happens to your child an appropriate representative has been designated. For example, if a medical incident occurs to your child while at college, the hospital or doctor may be reluctant to release information to you until you are court appointed as the health care representative.
2. What about the **provisions of your will or trust**? Have you reviewed these documents to verify when your adult children will gain control of their inheritance? Here's what often happens. We create a will and trust when our kids are little. We give a lot of thought to who the guardian should be if "something" happens to us. Then we put together a trust that says our kids get 50% of their inheritance at age 25, 25% at age 30 and the rest at age 35. At this point we've managed to accumulate a net worth of about \$10,000, so who cares? But now our kids are in their early 20s, one of them is hooked up with a girlfriend we don't like, one can't seem to "find herself," and the third one is a perfect angel. And we now have a net worth of \$1.5 million with \$1 million of life insurance. Are you still comfortable giving each of them unfettered access to half their inheritance at age 25? If not, you need to revisit those documents.
3. While you're at it, take a quick look at **your beneficiaries**. Are they still in line with your goals with respect to giving your kids access to their inheritance?
4. On the flip side, you might consider changing your legal documents to give one or more of your adult children some responsibilities in the event "something" happens to you. Is one of them now at an age to **serve as your executor, durable power of attorney, or health care rep**? Or, especially in the case of your health care rep, should they be given the right to access information about your health directly from health care providers, even if you don't feel they are ready to serve as the actual rep?

That's a lot to think about isn't it? If these are issues that are pertinent to you, call your Phillips Financial advisor to learn more about how we can help you, and your kids, plan for a financially sound future.

(originally published in *Phillips Financial 2nd Quarter Newsletter, July 2018*)

Phillips Financial Management, LLC, doing business as Phillips Financial, an SEC Registered Investment Adviser.

