

Estate Planning and Retirement Considerations for Late-in-Life Parents

By Jeffrey Hall, CPA, JD

Older parents are becoming more common, driven in part by changing cultural mores and advances in infertility treatment. Comedian and author Steve Martin had his first child at age 67. Singer Billy Joel just welcomed his third daughter. Janet Jackson had a child at age 50. But later-in-life parents have some special estate planning and retirement considerations.



The first consideration is to make sure you have an estate plan and that the estate plan is up to date. One of the most important functions of an estate plan is to name a guardian for your children in your will, and this goes double for a parent having children late in life. If you don't name someone to act as guardian, the court will choose the guardian. Because the court doesn't know your kids like you do, the person they choose may not be ideal.

In addition to naming a guardian, you may also want to set up a trust for your children so that your assets are set aside for them when they get older. If the child is the product of a second marriage, a trust may be particularly important. A trust can give your spouse rights but allow someone else -- the trustee -- the power to manage the property and protect it for the next generation. If you have older children, a trust could, for example, provide for a younger child's college education and then divide the remaining amount among all the children.

Another consideration is retirement savings. Financial advisors generally recommend prioritizing saving for your own retirement over saving for college because students have the ability to borrow money for college while it is tougher to borrow for retirement. One advantage of being an older parent is that you may be more financially stable, making it easier to save for both. Also, if you are retired when your children go to college, they may qualify for more financial aid. Older parents should make sure they have a high level of life insurance and extend term policies to last through the college years.

When to take Social Security is another consideration. Children can receive benefits on a parent's work record if the parent is receiving benefits too. To be eligible, the child must be under age 18, under age 19 but still in elementary school or high school, or over age 18 but have become mentally or physically disabled prior to age 22. Children generally receive an amount equal to one-half of the parent's primary insurance amount (PIA), up to a "family maximum" benefit. You will need to calculate whether the child's benefit makes it worth it to collect benefits early rather than wait to collect at your full retirement age or at age 70. To make a plan for late-in-life parenthood, contact your Estate Planning & Elder Law Attorney, Jeffrey Hall, CPA, JD at 925-230-9002 or visit his website at www.HallLawGroup.com for questions regarding Estate Planning and Medi-Cal Elder Law issues. Protect your assets and maintain your piece of mind.



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