

11 Things to Tell Your Kids About Your Money

You don't have to tell them some things, but others are very important

You've probably taught your kids a whole bunch about money over the years, like how to stretch an allowance through an entire week and how to balance a debit account — or, most challenging of all, how to save enough money to buy tickets to a Taylor Swift concert.

Now it may be time to tell your adult kids something else: how your finances work.

Not to worry. You absolutely don't have to tell them financial details that reveal how much money you have socked away, the innards of your brokerage account or even the value of your home. In most cases — unless you are suffering substantial health or financial problems — that's probably your business and not theirs. But there are certain things about your personal finances that it may greatly behoove you to share with your adult children.

“It's important that your children understand your finances in the event something happens and you're not able to manage them yourself,” says Kerry Hannon, a best-selling author and personal finance expert.

AARP reached out to several financial experts who offer these tips about what you should — and shouldn't — divulge to your adult kids about your finances.

1. Share password access

You probably don't remember all your passwords and usernames, so just imagine your adult kids trying to figure them out in an emergency. No, don't hand them the list now. But it's critical that they know where the list is — and have easy and instant access to it in an emergency, says Patti Black, a certified financial planner in Birmingham, Alabama. Also, it's a good idea that the password list be typed, not handwritten, to avoid any confusion.

2. Give access to key documents

You've likely assembled a number of important original documents through the years, ranging from your will to your birth certificate to your car title to your most recent tax filings. These documents should be kept in a super safe place — like a safe deposit box at the bank or a fireproof lockbox at home. Your kids need to know exactly where you store them and how to quickly get access to them, says Jeremy Hutzler, a certified financial planner in Brentwood, Tennessee.

3. Explain how you pay bills

Each of us has our own favorite ways of paying the monthly bills. Your spouse and your adult children all need to know precisely how you do it, says Black. Are most of the bills automatically paid monthly and, if so, from which of your accounts? Providing this information in advance — in a simple, clean way — can eliminate lots of financial discomfort if you get laid up.

4. Disclose your digital footprint

These days, so much of our financial information isn't on paper or in file cabinets but online. If you receive financial information electronically, make triple sure that your trustworthy adult kids know this, says Karen E. Van Voorhis, a certified financial planner in Norwell, Massachusetts. They will need to know what the financial information is, where it is stored digitally and how to get to it.

5. Introduce your team

You may or may not have a team of professionals who help you directly or indirectly with your finances. This might include a financial planner, an accountant or an estate attorney. If you work with any of these, it's critical that your adult children at the very least know who they are and how to reach them, says Frank Summers, a certified financial planner in Charlotte, North Carolina. Equally important, he says, is to provide these advisers with your children's names and contact information — along with specifying what information is authorized to be discussed. A copy of your power of attorney should be on file, too.

The best-case scenario is for your adult children to meet your financial adviser in person, ideally with you present, says Hannon. "It demystifies money and helps to make it part of family conversations," she says.

6. Review your income sources

While your adult children don't need to know exactly what your income is, they do need to know where it comes from. That's why it's important to review all your income sources with them, says Kimberly Palmer, personal finance expert at NerdWallet, a personal finance app aimed at simplifying money management. By at least making your kids aware of the sources of your income stream, you give them early insight into how financially stable you are and whether you're likely to need financial assistance from them.

7. Talk about it before you need to

Don't wait until there's an emergency to discuss your finances with your kids. Do it well before then and try to involve all your children in the meeting. Schedule the meeting for a time that works comfortably for everyone, says Palmer. The meeting, which can be in-person or on Zoom, should not take place during anyone's vacation, if possible. Weekends are usually best. Before the meeting, give your kids a general overview of exactly what you want to share with them. And before the meeting ends, it's smart to schedule recurring meetings, as needed.

8. Specify advanced health plans

There's no better favor you can do for yourself or your kids than to be very clear about any plans you have made for advanced health care, long-term care or assisted living, says Summers. What's more, they need to know if you have any funds set aside to pay for this and how to access the funds.

9. Set up a fraud alert

This can ultimately save you lots of stress and money, says Hannon. It can be as simple as letting your kids and your financial adviser know exactly whom to contact if something appears to be erratic in any of your accounts or investments. Elderly people are often victims of financial fraud, and taking a precautionary step like this can help stop fraud in its tracks.

10. Consider tax implications

This is something that many folks fail to do, and it is typically more relevant for the well-to-do. But considering and explaining the tax implications of your spending in your later years can have a huge impact on your estate and whatever you leave to your kids. You might want to give them a basic understanding of this, says Paul Monax, a certified financial planner in Littleton, Colorado.

11. Let them know your wishes — but listen to theirs

Whether you call it philanthropy or legacy, this is about how you want your money to help others. Your kids need to know this. What's more, says Hannon, this discussion could elicit further discussions that show how the money you might have planned to leave them through your estate could be even more useful to your kids today by helping them purchase a home or pay for college tuition.