

Financial Steps for Family Caregivers

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WOMEN'S INSTITUTE FOR A SECURE RETIREMENT (WISER)

- Nonprofit organization founded in 1996
- Provide women with basic financial information aimed at helping them take financial control of their lives
- Help educators & policymakers understand important issues and barriers surrounding women's adequate participation in the nation's retirement systems
- Bring together key stakeholders to work towards solutions that improve women's retirement outcomes

NATIONAL RESOURCE CENTER ON WOMEN & RETIREMENT PLANNING

- Operate with the Administration on Aging
- One-stop gateway to provide basic financial information and resources
- 21 national and grassroots partners
- Focus is on financial planning, retirement readiness, health and long-term planning
- Topics: Saving & Investing, Social Security, Retirement Planning, Caregiving, Divorce, Widowhood, and Financial Fraud & Abuse

WHAT WE WILL COVER TODAY

- Why Focus on Women?
- Financial Impact of Caregiving
- Steps Caregivers Can Take
- Avoiding Common Mistakes Caregivers Make
- Caregivers as Defense Against Financial Fraud
- Resources and Tools



WHY WOMEN?

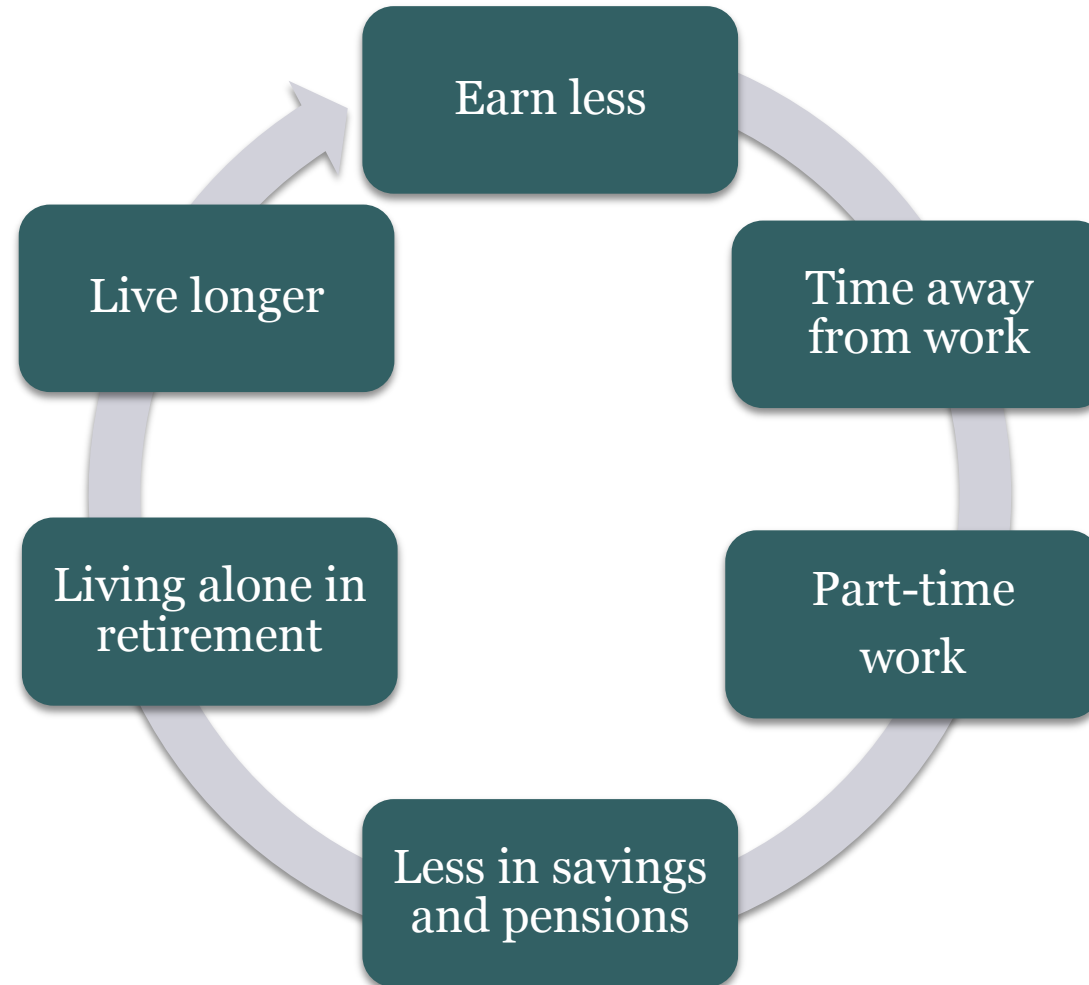
5.5 million more women than men at age 65

67% of the 85+ population are women

More single women than ever before

Women caregivers are 2X more likely than non-caregivers to end up in poverty

ISSUES UNIQUE TO WOMEN



CAREGIVERS TODAY

- Caregiving is a broad definition
 - Includes personal care, health monitoring and coordination, household functions, financial assistance and social director
- Nearly **1 out every 4 U.S. households** (22 million households) provide care to a relative or friend aged 50+
- **Population of 35M elders will double by 2030** with most needing 3 years of care but 1 in 5 needing 5+ years of care
 - Caregiving crunch coming -- # of recipients growing faster than # of potential caregivers

WOMEN AS CAREGIVERS



- Caregiving falls heavily on women – 60% are women
 - Women are often younger than their spouses and outlive their spouses
- Majority of caregiving women **give little or no thought to their own financial situation**, yet over half describe their financial situation as poor
- 1 in 5 **say their financial situation has worsened** because they took on that role

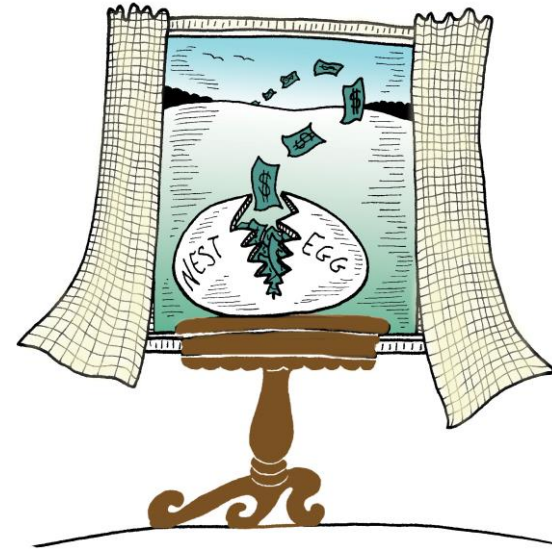
WOMEN AS CAREGIVERS



- Male caregivers report estimated median of \$130,000 in retirement savings compared to \$19,000 among women
- **1 out of 5 women caregivers has no retirement savings** – a rate twice as high as among men
- Women are **3X as likely as men to retire earlier** than anticipated in order to become a caregiver
- Women caregivers report feeling overwhelmed almost twice as often as men

FINANCIAL CONSEQUENCES OF CAREGIVING

- Caregiving can have serious financial consequences by impacting
 - Ability to work
 - Direct out-of-pocket expenses
 - 30% -- cut back on their own expenses
 - 24% -- had trouble paying bills
 - 21% -- dipped into their savings
 - 18% -- couldn't contribute to their savings
 - 15% -- took on debt



Do YOU CARE?

Not a caregiver currently? There is a very good chance you will be at some point in your life.

Becoming a caregiver can happen at any time, but often comes as you are nearing retirement.

Even if you feel financially prepared for your own retirement, you may suddenly find yourself unprepared to manage the costs of caregiving.

Need to take steps to avoid compromising your own financial security.

STEP 1: GETTING STARTED



Develop a family strategy/caregiving team

- Families need to get involved early and work with seniors to understand their finances as well as the availability and costs of services and support in their community
- Talk with siblings and other family members about actual costs
 - Hired services i.e. transportation, home health aides, or visiting nurses?
 - Home modifications?
 - Day-to-day expenses?
 - Does a Geriatric Coordinator make sense?
 - Try to understand trajectory of health condition and future costs
- If you will be providing most of the care, speak up about what you need from others

STEP 1: GETTING STARTED



- Make sure legal documents are complete and up-to-date
 - Financial Power of Attorney (POA)
 - Health Care Proxy/POA
 - Living Will
 - Last Will & Testament
 - Beneficiary designations for insurance and retirement plans/IRAs
- Know where important documents are located

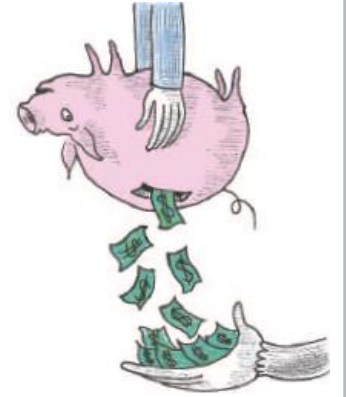
STEP 1: GETTING STARTED



- Think about your own future
 - How can you continue to save for your own retirement?
 - Are there other resources you can access to assist the person you are caring for?
 - Who will care for you later in life?
 - Have you thought about how you will cover your own long-term care needs? [longtermcare.gov](https://www.longtermcare.gov)
 - [Genworth.com](https://www.genworth.com) – click on “Aging and You”

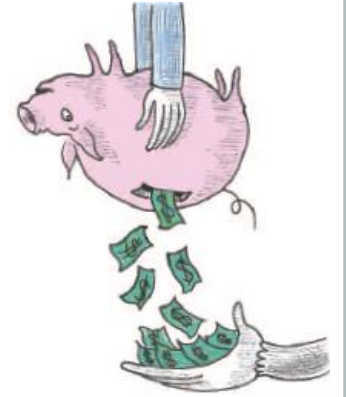
STEP 2: LEAVING A JOB/WORKING PART-TIME

- 40% of caregivers are also raising children and 64% work full or part-time
- Women average 12 years out of the workforce to provide care to their families
- 20% percent of working caregivers have taken leaves of absence; 70% make schedule adjustments
- On average, caregivers spend 4 and a half years providing care, and about 12 hours each week – varies widely



STEP 2: LEAVING A JOB/WORKING PART-TIME

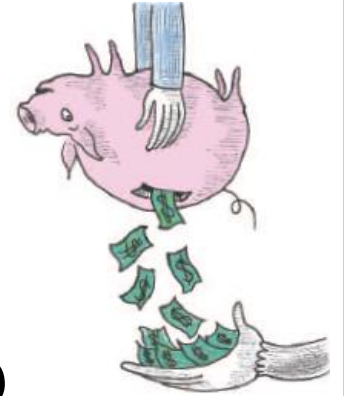
Will you receive less from Social Security?



- Answer most likely yes –benefits are based on annual pay up to a limit
- Need to earn \$5,200/yr to have an “eligible” year
- Social Security uses your highest 35 years of pay (indexed) to calculate your benefit; zeros are added if you work for fewer years

STEP 2: LEAVING A JOB/WORKING PART-TIME

- Exhaust all other options before leaving a job or reducing hours.
 - Talk to family members about getting more help
 - Find other resources available—Eldercare Locator ([Eldercare.acl.gov](https://eldercare.acl.gov)) and [Benefitscheckup.org](https://benefitscheckup.org)
 - Even staying an extra year can make a big difference.
 - Investigate whether FMLA is an option
- Consider your retirement vesting and benefits schedule – can you work at least until you are fully vested?
- Resist the urge to cash out retirement benefits!



STEP 2: LEAVING A JOB/WORKING PART-TIME



- What are your healthcare or insurance options?
 - Are there a minimum number of hours you can work to still be eligible for your employer's insurance?
 - Get estimates on what COBRA or other healthcare coverage might be before you leave or reduce hours.
- Make a plan for managing your money and continuing to save for retirement.
 - Pay off credit card and other debts if you can
 - Saving even a little will help
 - Create a budget that factors in caregiving costs

STEP 3: BUDGETING AS A CAREGIVER

- Caregivers pay an estimate of \$5,500 annually in out of pocket costs for caregiving expenses
 - Half of caregivers don't track what they spend
 - Costs can be much more e.g. if dementia or care provided long distance
- Caretakers likely to raid their retirement accounts
 - 33% in recent Transamerica survey
- There are steps you can take to avoid compromising your own future financial security



STEP 3: BUDGETING AS A CAREGIVER

- Caregivers often pay for expenses for their care recipient without thinking of long-term consequences
- A budget is essential! Especially if leaving work or reducing hours
- Use a budget to decide how you may need to adjust your lifestyle or expenses to account for caregiving costs
- Budget can also protect you or prevent family conflicts if you are managing your care recipient's money



STEP 3: BUDGETING AS A CAREGIVER

- Track your spending
 - Note all of your expenses for a month
 - Put purchases into categories
 - Make a list of regular bills
 - Study credit card and bank statements to ensure you account for everything
- Compare expenses to income
 - Add all income and divide by 12
 - Subtract monthly expenses
 - If your income does not cover expenses, find ways to cut back
 - Having categories in your budget can help with this



STEP 3: BUDGETING AS A CAREGIVER

- Helpful to create a budget not only for you but for care recipient as well
- Put as much on auto-pilot as you can
 - Bill-paying
 - Direct-deposit vs receiving checks (e.g. for pension payments, Social Security checks)



MANY CAREGIVERS ARE FINANCIAL COORDINATORS OR CONTRIBUTORS

- Financial assistance – whether writing bills/monitoring accounts/managing investments or actually paying expenses - escalates over time with aging
- 66% of caregivers say they could benefit from financial advice
- Adult children may be forced to pay for their parents under “filial responsibility” laws
 - 28 states have such laws which obligate adult children to care for parents and while rarely enforced, the increasing burden on states for nursing home care could change this.

“MANAGING SOMEONE ELSE’S MONEY” GUIDE BOOKS

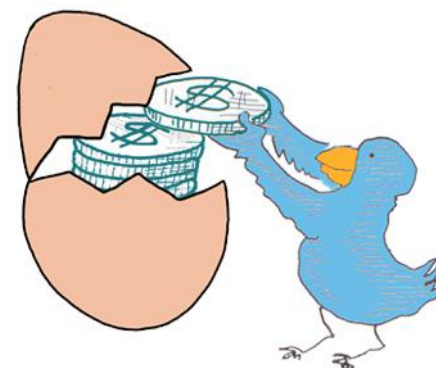


- Developed by the Consumer Financial Protection Bureau (CFPB)
- Helps financial caregivers carry out their duties and responsibilities, and protect care recipient from scams and fraud
- 4 Guides: agents under powers of attorney, court-appointed guardians, trustees, and government fiduciaries
- Available online and can order free copies, individually or in bulk

consumerfinance.gov/managing-someone-elses-money

STEP 4: PLANNING FOR YOUR RETIREMENT —

- List your **sources of retirement income** and estimate what they will provide as monthly income
 - Social Security
 - Private or government pensions
 - IRAs, 401(k)s, 403(b)s, etc.
 - Personal savings and investments
- Estimate **needs in retirement**
 - Experts recommend at least 85% of pre-tax income
 - WISER recommends 100% for women
 - Live longer
 - Additional health care expenses
- Calculate the gap between income and need



KNOW WHAT YOUR RETIREMENT WILL COST – WHAT IS YOUR NUMBER?



Figure out how much income you will need in retirement

Even a best guess estimate is helpful

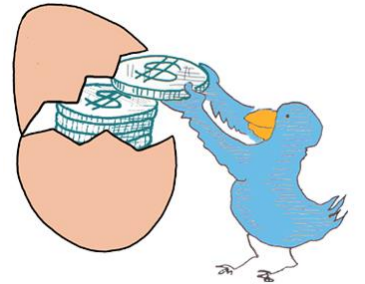
Lots of great tools and online calculators make this easy

Examples:

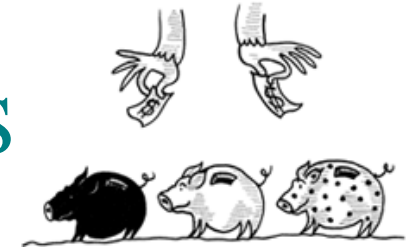
- **T. Rowe Price** and **Transamerica** calculators
- **RetireOnYourTerms.org** – Calculators Tab
- Social Security Planning Calculators – www.ssa.gov

STEP 4: PLANNING FOR YOUR RETIREMENT

- Make a list of each source of income you (and your spouse) have and be able to answer these basic questions for each:
 - Where is the account based (bank, financial company, etc.)?
 - How much is in the account now?
 - How are contributions to the account being made and for how much?
 - If married, what happens to the account if one spouse dies?
- Not on track?
 - Economic Checkup from NCOA: [EconomicCheckup.org](https://www.economiccheckup.org)
 - National Foundation for Credit Card Counseling: 1-800-388-2227 or [nfcc.org](https://www.nfcc.org)



STEP 5: FINANCIAL HELP FOR OLDER ADULTS



- Healthcare is a major expense for older adults
 - **Medicare.gov**: Find help with paying for drug coverage, drug costs, and Medicare premiums. The “Extra Help” program helps low-income seniors pay for prescription drug costs, premiums, coinsurance, and deductibles: <https://secure.ssa.gov/i1020/start>
 - **SHIP** (Senior Health Insurance Assistance Program) provides free counseling to Medicare beneficiaries and their families. Can also assist with applying for Medicare Savings Programs and filing the Extra Help application. A listing of SHIP programs by state is available at shiptacenter.org.
 - **Medicare Rights Center**: Callers living on low or fixed incomes also screened for additional programs to help pay costs of Medicare. 1-800-333-4114 or medicarerights.org

STEP 5: FINANCIAL HELP FOR OLDER ADULTS

Eldercare Locator: [Eldercare.acl.gov](https://eldercare.acl.gov)

- Nationwide service that connects older adults and their caregivers with local, trusted services - 1-800-677-1116

Benefits Checkup: [Benefitscheckup.org](https://benefitscheckup.org)

- Quickly find benefit programs that could help pay for medications, health care, food, utilities and more

FINRA Securities Helpline for Seniors:

[1-844-57-HELPS \(1-844-574-3577\)](https://www.finra.org/consumers/84457HELPS)



AVOID THESE MONEY MISTAKES CAREGIVERS MAKE

- Not seeking advice and making a plan before crisis clouds decision-making
- Not evaluating and engaging others to be part of caregiving team
- Not discussing your financial role/expectations with recipient – 75% of family caregivers have not done this even though broad spectrum of options
- Paying for everything when you can't afford it....ask for help!
- Not realizing you may end up living on your own some day
- Saving less for retirement because you are helping everyone else

CAREGIVING RESOURCES



PERSONAL CARE AGREEMENTS

- Can be used for family and non-family caregivers to help manage caregiver responsibilities
- Formal, legal contract – specifically states what care is to be provided and how much caregiver will be compensated
- Compensation must be for future services (not those already provided) and must be reasonable
- For Medicaid purposes, can show that care payments were legitimate and not an attempt to “hide assets”

PERSONAL CARE AGREEMENTS

The agreement should cover the following items:

- When the care is to begin
- What specific care the caregiver will provide
- How often and for how long the care will last
- Payment amount and times of payment to the caregiver
- How long the personal care agreement is effective
- A statement that allows changes only through agreement of both caregiver and care recipient

PERSONAL CARE AGREEMENTS

- Additional resources:
 - National Association of Elder Law Attorneys, [Naela.org](https://naela.org)
 - Family Caregiver Alliance, caregiver.org
- If you are considering creating this type of agreement without using a lawyer, it may be helpful to look at the Elder Care Agreement (Form 85) in the book **101 Law Forms for Personal Use** by Ralph Warner and Robin Leonard

RESOURCES & TOOLS



- Caregiver Action Network: Caregiveraction.org – provides education and peer support for family caregivers
- Caring.com – For help finding assisted living facilities and other housing options, elder law attorneys, geriatric care managers, and online support groups
- Lotsa Helping Hands: Lotsahelpinghands.com – create your own online site to coordinate support activities among family, friends and volunteers

RESOURCES & TOOLS



- AARP Caregiving: aarp.org/caregiving – information and tools on a variety of caregiving topics and needs
- Help Our Wounded: helpourwounded.org – resources for caregivers and wounded veterans
- Well Spouse Association: wellspouse.org – peer support and education about the challenges facing caregiving spouses

RESOURCES & TOOLS

Care and End-of-Life Planning:

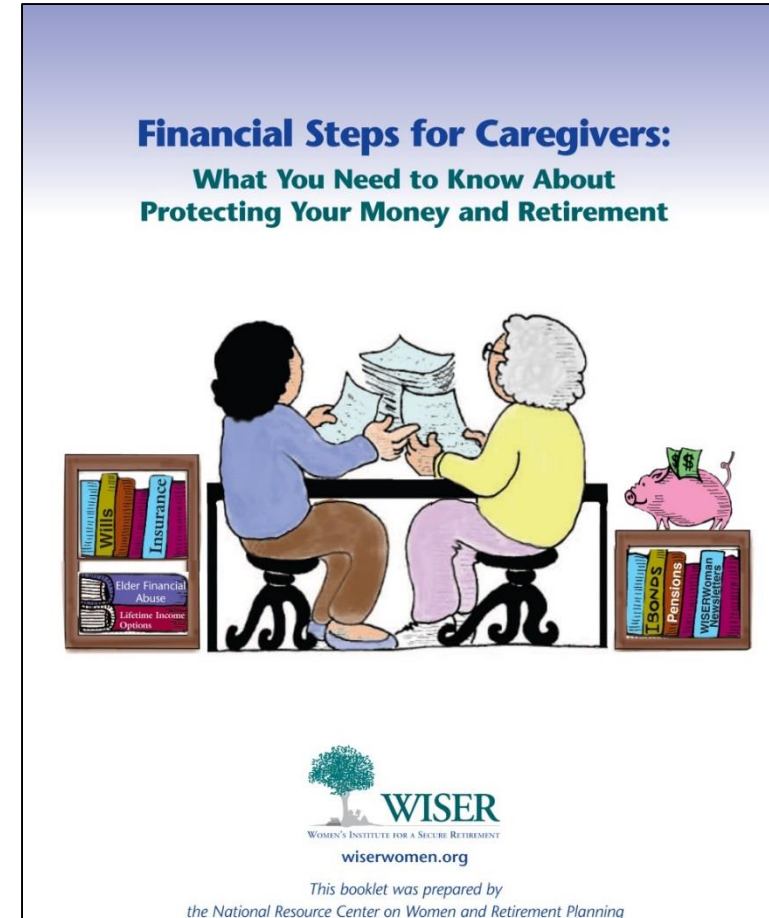
- Compassion & Choices, compassionandchoices.org
- National Hospice and Palliative Care Organization, nhpco.org
- The Conversation Project, theconversationproject.org
- Five Wishes, fivewishes.org - a holistic approach to a legal, living will that includes an individual's care and comfort choices



RESOURCES FROM WISER

WISER has been helping caregivers for more than 22 years!

View or download a copy of the booklet and other resources at www.wiserwomen.org



THANK YOU!

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wiserwomen.org



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