

# Financial Steps for Family Caregivers



# 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 AND RETIREMENT PLANNING

- WISER operates in partnership with the Administration on Aging (AoA)
- “One-Stop Gateway” to provide basic retirement information and resources
- Partners include a diverse group of organizations working with older adults, low-income women, women of color, and women with limited English-speaking proficiency.

Visit the Center at [www.wiserwomen.org](http://www.wiserwomen.org)

# 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?

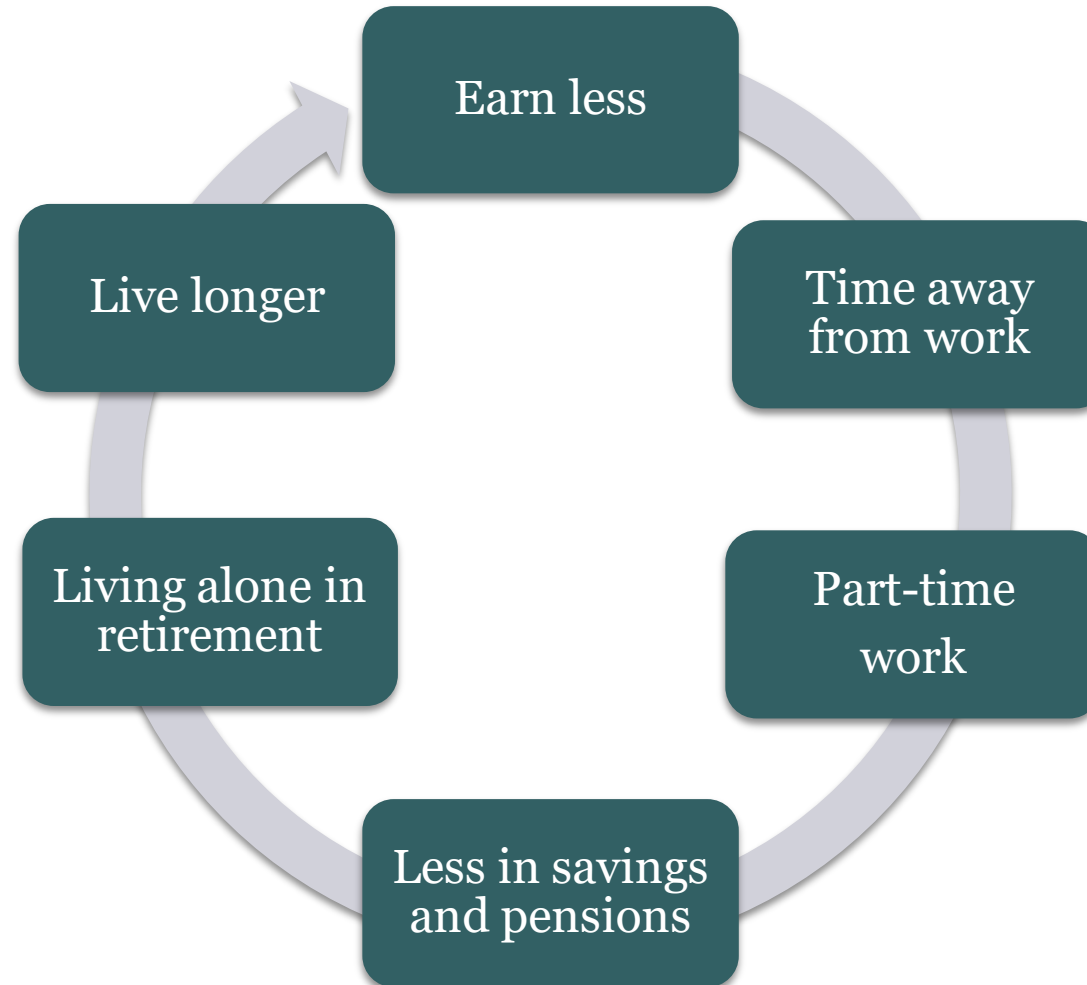
**5.8 million more women than men at age 65**

**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
- **34.2 million** Americans provide unpaid care to a relative or friend aged 50+
- **Between 2020 and 2060, the number of older adults is projected to increase by 69 percent, from 56.0 million to 94.7 million.** -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 – 61% 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



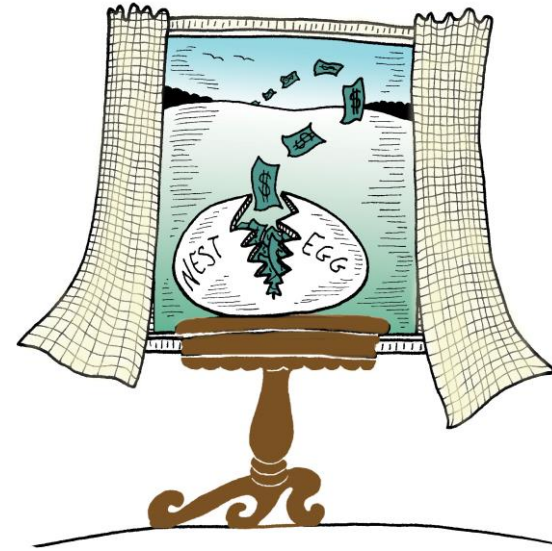
# WOMEN AS CAREGIVERS



- 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 Financial Impact
    - 30% -- cut back on their own expenses
    - 19% -- had trouble paying bills
    - 22% -- used up short-term savings
    - 28% -- stopped contributing to their savings
    - 23% -- 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 for your parents 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

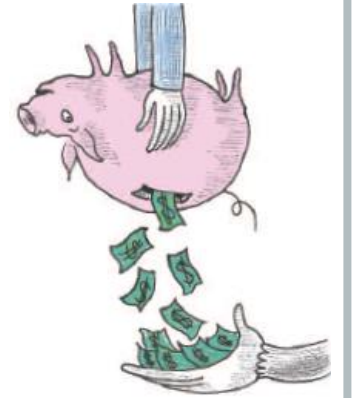
# STEP 1: GETTING STARTED



- 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](http://longtermcare.gov)
  - [Genworth.com](http://Genworth.com) – click on “Aging and You”

## STEP 2: LEAVING A JOB/WORKING PART-TIME

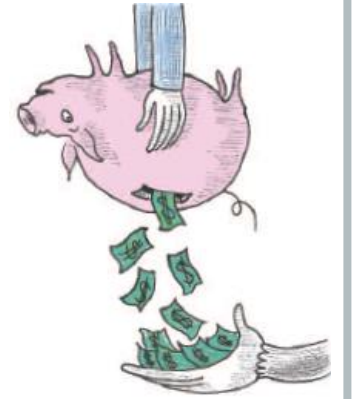
- 40% of caregivers are also raising children and 60% work full or part-time
- Women average 9 years out of the workforce to provide care to their families
- 14% percent of working caregivers have taken leaves of absence; 61% make schedule adjustments
- On average, caregivers spend 4 and a half years providing care, and about 12 hours each week – varies widely



Source: National Alliance for Caregiving & AARP, 2020 Caregiving in the US

## STEP 2: LEAVING A JOB/WORKING PART-TIME

Will you receive less from Social Security?

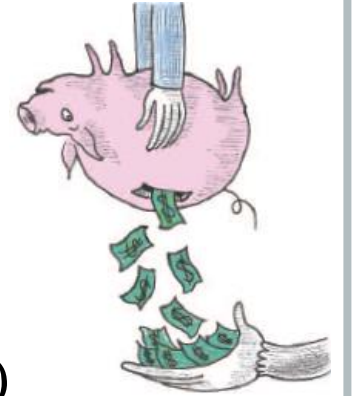


- Answer most likely yes –benefits are based on annual pay up to a limit
- Need to earn \$5,880/yr to have an “eligible” year
- Social Security uses your highest 35 years of pay (indexed) to calculate your benefit; zeros are added if you work for fewer years



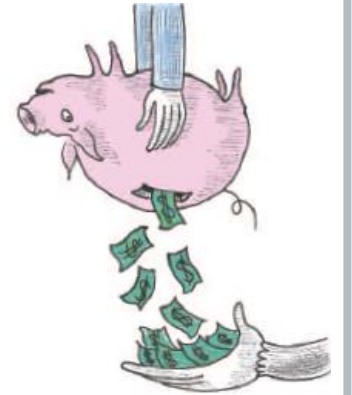
## STEP 2: LEAVING A JOB/WORKING PART-TIME

- 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://www.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 \$7,064 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
- Caregivers lose \$324,044 in wages, Social Security benefits, and private pensions over a lifetime
- 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



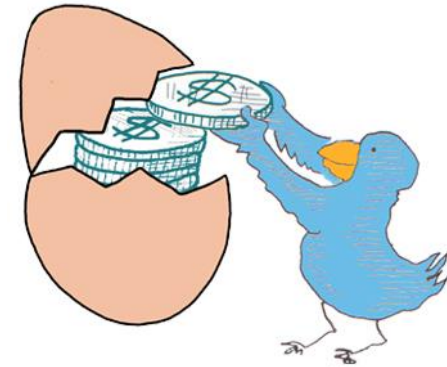
- Developed by the Consumer Financial Protection Bureau (CFPB)
- Helps financial caregivers carry out their duties and responsibilities, and protect care recipient from scams and fraud
- 4 Guides: agents under powers of attorney, court-appointed guardians, trustees, and government fiduciaries
- Available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

[consumerfinance.gov/managing-someone-elses-money](https://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](http://www.ssa.gov)

# STEP 4: PLANNING FOR YOUR RETIREMENT –

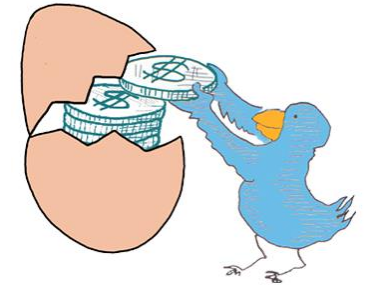
## RETIREMENT ISSUES ARE OVERWHELMING

But you need to take charge of your future!



# 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](https://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](https://medicarerights.org)

# STEP 5: FINANCIAL HELP FOR OLDER ADULTS

Eldercare Locator: [Eldercare.acl.gov](http://Eldercare.acl.gov)

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

Benefits Checkup: [Benefitscheckup.org](http://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 \(1-844-574-3577\)](tel:1-844-57-HELPS)



# 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
- Care Agreements for Families & Caregivers can be helpful

# CAREGIVING RESOURCES





# CARE AGREEMENTS FOR FAMILIES & CAREGIVERS

- These agreements make the care and payment clear for the caregiver, the recipient, and also for other family members.
- It can help avoid family conflicts about who will provide care and how much they will be paid.
- The agreement should be discussed with other family members to resolve any concerns before it is drafted
- For Medicaid purposes, can show that care payments were legitimate and not an attempt to “hide assets”

# CARE AGREEMENTS FOR FAMILIES & CAREGIVERS

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

# CARE AGREEMENTS FOR FAMILIES & CAREGIVERS

- WISER's Care Agreements for Families & Caregivers Fact Sheet ([www.wiserwomen.org](http://www.wiserwomen.org))
- Additional resources:
  - National Association of Elder Law Attorneys, [Naela.org](http://Naela.org)
  - Family Caregiver Alliance, [caregiver.org](http://caregiver.org)
- Long Term Care Personal Support Services Agreement – Example Department of Health and Human Services, Office for Family Independence (2011)
- For a care agreement example, go to [www.maine.gov/dhhs/sites/maine.gov.dhhs/files/documents/LTC-Personal-Support-Agreement.pdf](http://www.maine.gov/dhhs/sites/maine.gov.dhhs/files/documents/LTC-Personal-Support-Agreement.pdf)

# RESOURCES & TOOLS



- Caregiver Action Network: [Caregiveraction.org](http://Caregiveraction.org) – provides education and peer support for family caregivers
- [Caring.com](http://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](http://Lotsahelpinghands.com) – create your own online site to coordinate support activities among family, friends and volunteers

# RESOURCES & TOOLS



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

# RESOURCES & TOOLS

## Care and End-of-Life Planning:

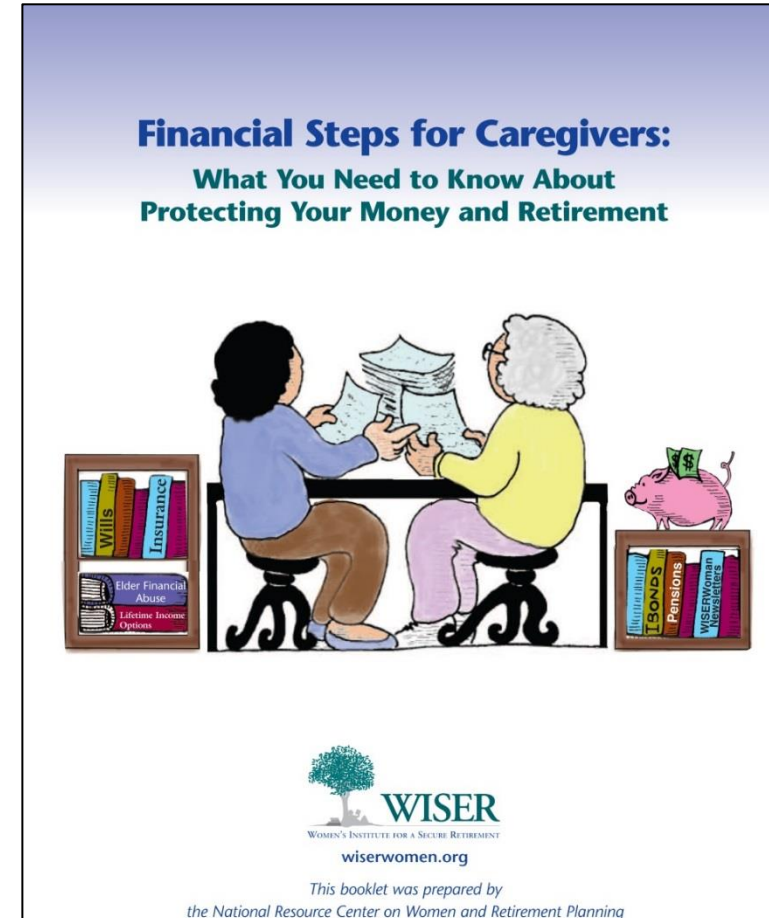
- Compassion & Choices, [compassionandchoices.org](http://compassionandchoices.org)
- National Hospice and Palliative Care Organization, [nhpco.org](http://nhpco.org)
- The Conversation Project, [theconversationproject.org](http://theconversationproject.org)
- Five Wishes, [fivewishes.org](http://fivewishes.org) - 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](http://www.wiserwomen.org)



GREAT NEWS!

THE NEW *WISER* FINANCIAL CAREGIVER  
PORTAL

At

WISERWOMEN.ORG



# WISER FINANCIAL CAREGIVER PORTAL

**Caregiver Portal** is a “one-stop shop” that will provide needed financial information and resources to caregivers throughout the caregiving cycle.

- Will be available online on WISER’s website [wiserwomen.org](http://wiserwomen.org)
- Support from the RRF Foundation on Aging

## **Two Goals:**

1. Help prepare family caregivers for the impact of caregiving on their future financial security
2. Provide resources and tools to help caregivers oversee the financial caregiving tasks of the care recipient



# WISER FINANCIAL CAREGIVER PORTAL

**Focus of portal will be to save caregivers from searching multiple websites to find information**

- Extensive library of educational materials focused on caregiving
- New content through media such as podcast and videos will be available
- Comprehensive list of community-based programs with fact sheets and tip sheets



# THANK YOU!

Learn more at:

[wiserwomen.org](http://wiserwomen.org)



“Like” us on Facebook

[Facebook.com/WISERwomen](https://www.facebook.com/WISERwomen)



Follow us on Twitter

[Twitter.com/WISERwomen](https://twitter.com/WISERwomen)

