

Holistic Help for Caregivers of Aging Parents

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An integrative caregiving plan can help you contain costs and take advantage of the various planning and health care resources available.

The wild card in any financial plan is the length and severity of the aging process. Longevity coupled with incapacity can decimate a family's resources, forcing adult children to not only forego their inheritance but also contribute to their parents' support to the extent that their own retirement security may be in jeopardy.

Long-term care insurance can help mitigate some of the risks of aging, but not until the insured is unable to perform two of six specific activities of daily living—bathing, dressing, eating, transferring from bed to chair, toileting, and continence—or has sufficient cognitive impairment that it affects the person's health and safety.

Older people who simply need help getting to doctors' appointments, remembering to take medications, fixing meals, shopping, cleaning and maintaining the house, paying bills, opening jars, and myriad other daily challenges do not qualify for benefits under a long-term care insurance policy. But their needs are no less real.

When aging parents become dependent on adult children, financial planning becomes more

entwined. Now there are two families (or more, if there are siblings) all working toward the same goal of making sure the parents' needs are met without compromising the adult children's—and their children's—financial well-being. Although each family may want to continue to keep their finances separate, holistic planning may allow resources to be shared or conserved for the benefit of everyone.

The goal in any integrative financial plan—providing all family members agree—is to dissolve the boundaries between what belongs to the parents and what belongs to the children and consider strategies that build and conserve resources for all.

Assemble resources

According to a landmark national study, caregivers often underestimate the time required for caregiving and the impact of their obligations on their work. They go into it providing only a small amount of care and then gradually take on more and more responsibility, incurring significant losses in career development, salary and retirement income, and substantial out-of-pocket expenses.

Another study found that caregivers spent an average of more than \$12,000 per year on direct expenses associated with caregiving. Wealthy people may be able to absorb such expenses, but over time they can represent a significant drain on resources. This is why it is important to address the whole family's needs whenever a caregiving situation arises.

Ideally, you'll want to begin thinking about this while everyone is still active and healthy so you can emphasize the importance of planning ahead. It is never too soon to start assembling resources so you will be ready to help your parents when the time comes.

Planning ahead

According to a USA Today/ABC News/Gallup Poll, 41% of baby boomers who have a living parent are providing personal care, financial assistance, or both. Of those boomers who are not providing care for parents now, 37% think they will someday. And about half of them say they are concerned about their ability to do so.

Boomers who are still putting kids through college and saving for their own retirement may have to sort out their priorities. How much help can they realistically provide to their parents? How much do they know about their parents' finances and the resources available? What changes are they willing to make in their lives to help their parents? These are all tough questions that should be addressed as early as possible.

Living arrangements

Housing options for older parents who are basically healthy but need help with certain activities due to frailty or forgetfulness include: (1) staying in their own home, (2) living with their children, or (3) moving to an assisted-living facility.

Each family must decide for itself which option is best based on costs and quality of life for all.

Costs may include modifications to either the parents' or the children's home to enable the parents to get around safely, plus the cost of bringing in outside housekeepers or caregivers to the extent needed. Compare these costs with the cost of an assisted-living facility. Then decide which arrangement would work out best for everyone. Some children may want their parents close by, even under the same roof, while others would find such an arrangement too disruptive.

Providing care

Regardless of where the parents live, some form of care will need to be provided, such as cleaning, cooking, paying bills, shopping, transportation to medical appointments, and so on.

Start by determining the exact needs of the parents and who should provide the needed services, a family member or an outside paid caregiver. Consider the toll on adult children who work—if they must take unpaid time off, it may be more cost-effective to hire someone to perform certain services such as transportation or housekeeping. On the other hand, some adult children have difficulty turning over any form of caregiving to an outsider. Some 5% of men and 7% of women quit their jobs to care for aging parents, according to a recent study.

Before making any moves that could threaten your own future financial security, make sure to analyze the long-term consequences of the various options and try to strike a balance between financial and emotional considerations.

The occasion of a parent needing help gives families of all means an opportunity to come together and integrate their financial and life plans for the benefit of all. You may wish to obtain professional advice to help evaluate everyone's overall resources and determine who will be responsible for what costs. A professional can help map out a strategy that makes sense from a tax- and estate-planning standpoint.

Resources

Family Caregiving 101
(www.familycaregiving101.org)

Elder Issues
(www.elderissues.com)

Home Modifications from the Fall Prevention
Center of Excellence
(www.homemods.org)

Benefits Checkup
(www.benefitscheckup.org)

Healthfinder
(www.healthfinder.gov)

National Family Caregivers Association
(nfcacares.org)

Elaine Floyd, CFP®, is the Director of Retirement and Life Planning, Horsemouth, LLC., where she focuses on helping people understand the practical and technical aspects of retirement income planning. Horsemouth is an independent organization providing unique, unbiased insight into the most critical issues facing financial advisors and their clients. Horsemouth was founded in 1996 and is located in New York City.

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