



You may be worried about how to make the best eldercare decisions without compromising your family's overall economic security. The following questions may help you clarify your concerns:

- *What is the elder's financial picture?*
- *What eldercare services can the elder in my care afford?*
- *Does insurance cover any of these expenses?*
- *How can we find out if we are eligible for subsidized eldercare services?*
- *Is there any financial assistance for lower-income and middle-income families?*
- *Who in the family needs to be consulted about paying for eldercare services? Can other family members help pay for services?*

Start Planning NOW

Making decisions about health care, home care, and housing needs can be not only overwhelming but also costly. If at all possible, start planning *now* for the future needs of elders. Since you may be approaching or past 60 yourself, you should try to do financial planning for your own future needs as well. Your ability to care for another person, and possibly provide financial assistance to him or her, may depend on making changes to your own financial plan.

A good financial plan—both for an elder and yourself—should include:

- A monthly budget with income and expenses
- A budget for large capital expenses over a three-to-five-year period
- A review of health insurance plan(s) for what is covered and what is not
- An overview of all assets and debts
- Choosing someone to handle finances and decision-making

Professional Financial Planners

You might begin to think about these difficult financial and legal issues by talking with a professional financial planner, elder-law attorney, or geriatric care specialist. A good place to find such expertise is your local Area Agency on Aging (AAA), which can provide advice and also make referrals to fee-for-service financial planners.

For a checklist of questions to ask when interviewing a financial planner, call the **Financial Planning Association** at 800-322-4237 or visit its Web site at www.fpanet.org. The site provides a database of certified financial planners across the country and has useful information about retirement planning.

Understanding Family Finances

To begin planning for yourself and the elder in your care, or to prepare for working with a financial planner, you will need to analyze two things:

- 1 **Cash flow**—determined by calculating current income and expenses including health insurance
- 2 **Net worth**—the current value of all assets (including the house or apartment) after you have subtracted all debts

Start by locating all important financial and legal records and documents. Use the **List of Important Documents** to help you. It is also important to review beneficiary designations on any life insurance policies, annuity contracts, and 401K/IRA accounts to make sure they are current. You should also be sure that you have a letter of permission from the elder in your care to contact and discuss his or her financial accounts and insurance policies. A good financial analysis should include the following:

Current Income

- Personal income from pensions and other retirement benefit systems, such as 401ks, including their required minimum distributions
- Personal income from annuities and investments, such as mutual funds, stocks and bonds
- Rental income
- Income from public sources such as Social Security, SSI (Supplemental Security Income for aged, blind, and disabled people who have little or no income), and Veterans Benefits. (If you have questions about Social Security go to www.ssa.gov/ or call or visit your local Social Security office. Call 800-772-1213 toll free, TTY 800-325-0778, to help locate an office near you.)

Current Expenses

- Rent or mortgage payments
- Real estate taxes
- Utilities and telephone bills

- Bills for uninsured medical expenses, such as dental work or eyeglasses
- Insurance premiums
- Medications
- Food
- Clothing, toiletries, and other personal items
- Entertainment
- Gas, car maintenance, and other transportation expenses

Insurance Coverage

- Health care
- Prescription drugs
- Long-term care
- Life insurance death benefits
- Medicare/Medicaid
- Veterans Benefits

Assets

- Real estate
- Cash, CDs, stocks, bonds, mutual funds
- Deferred annuities
- Cash value of life insurance

Debts

- Mortgages
- Credit card balances
- Car payments
- Outstanding bills/loans

Eldercare Benefits

To quickly determine whether the elder is eligible for services that are free or for fees based on income, you may want to do a “benefits checkup.” The **National Council on Aging** Web site at www.benefitscheckup.org/ offers a free, confidential, and comprehensive online service that checks for federal, state, and some local private and public benefits for older adults (ages 55 and over). It provides a detailed description of available programs and also provides local contacts. Visit the Web site and click on “Find Benefits.”

Generally, eligibility criteria for elder services are based on a combination of the following factors:

- Age
- Assets
- Disability
- Employment status
- Expenses
- Health insurance
- Health status
- Household size
- Income
- Veteran status

Since there are so many factors in determining an individual’s eligibility, it’s essential to consult with a benefits counselor. Consult your local AAAs or COAs for referral to a benefits counselor.

Long-term Care Costs

Most long-term care expenses are not covered by Medicare or other health care insurance plans, and the costs can be staggering when elders require round-the-clock care. Long-term care insurance, whether at home or in a long-term care facility, can help control long-term care costs and protect family assets. For more information see the Insurance section.

Retirement Planning

While it may be too late for the elder in your care to plan his or her retirement, caregivers—particularly baby boomers—can get help now with the complex issues involved and make decisions for their own future needs. The **American Institute of Certified Public Accountants** at

www.36ofinancialliteracy.org/ offers information for families who are balancing the financial needs of elders, children, and their own retirement. Visit its Web site and click on “Life Stages.”

Reverse Mortgages

The costs of eldercare services can make it difficult for elders to continue living in their own homes. If the elder in your care wants to continue living at home but is having financial difficulties making ends meet, consider a reverse mortgage. This is a special type of home loan that lets a homeowner convert a portion of the equity in the home into cash. The equity built up over years of home mortgage payments can be paid out to the homeowner. But unlike a traditional home equity loan or second mortgage, no repayment is required until the borrower(s) no longer use the home as their principal residence, at which the point the home is usually sold to repay the mortgage.

- **AARP** at www.aarp.org/money/revmort/ offers information and resources about reverse mortgages. Visit the Web site or call 800-209-8085 toll free.
- **U.S. Department of Housing and Urban Development (HUD)** at www.hud.gov offers a safe, federally insured, private reverse mortgage that can give older Americans greater financial security. For information, call 800-569-4287 toll free or go to the Web site and enter “reverse mortgage” in the search box. Click on “Top 10 Things to Know If You Are Interested in a Reverse Mortgage.” In addition, HUD-approved housing counseling agencies are available for free, or at minimal cost, to provide information, counseling, and free referrals to a list of HUD-approved lenders.

Pensions

If the elder in your care has not yet retired, she or he should discuss the payout options from her or his pension plan—lump sum versus lifetime payout—with a financial planner. In planning for long-term care, pension payout can be of vital importance, particularly if there is a family history of illness, or if the worker/retiree has been diagnosed with a health problem that may require long-term care. In retirement plans, once the decision has been made for an annuity payout that decision is irrevocable.

The **National Pension Lawyers’ Network** at www.pensionaction.org/npln.htm, 617-287-7324, is a no-cost referral service that connects workers and retirees with attorneys who can help them understand and enforce their pension rights. Lawyers from around the country represent workers, retirees, and their families on a regular fee, reduced fee, or pro bono basis.

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