WHAT LIES AHEAD?: FINANCIAL PLANNING FOR FAMILY CAREGIVERS

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TODAY’S SPEAKERS

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Beyond Dollars 2015

The Expanding Circle of Care
Circle of Care

- Care Recipient
- Primary Caregiver
- Secondary Caregiver
- Community Support

Source: Beyond Dollars 2015
Five key insights

1. **The changing face of long term care**
   - Caregiving can negatively impact health & well being

2. **Caregivers’ savings & retirement are at risk**
   - Caregivers’ careers and livelihoods are impacted by providing care

3. **Planning mitigates stress & negative impacts**
The changing face of caregivers

- 62% of caregivers are between the age of 25 and 54
- 52% are an adult child
- The percentage of female caregivers are equal to that of men at 50% for each

Source: Beyond Dollars 2015
The changing face of caregivers

- Female caregivers most often received help from their children, paid professional care and other family members.

- Men more often received help from friends, siblings and their church.
The changing face of caregivers

71% of female caregivers are under the age of 54.

45 average age of a female caregiver vs. men averaging 48.

63% of female caregivers are an adult child but also a grandchild.

Source: Beyond Dollars 2015
The changing face of care recipients

Care recipients are:

Younger

- TODAY: 60% are age 65+
- VS 2010: 81% are age 65+

More likely to need care

- TODAY: 14% INCREASE due to accident, as opposed to 2010
- VS 2010: 9% DECREASE due to illness, as opposed to 2010

Source: Beyond Dollars 2015
The female care recipient

The average female care recipient has a lower annual income than that of her male counterpart.

The grandparent care recipient is more often female: 11.7% vs. 7.6%.

Care recipients are closer in age than in previous years.
Caregiving impact on health & well being

Less time for children, spouse and to take care of themselves

Sleep deprivation

The onset of depression, mood swings, and resentment

43% of caregivers said that the long term care event negatively affected their personal health and well-being.
Female caregiver’s health & well being

Women feel the effects of caregiving more acutely

- Extreme levels of stress
  - Male: 28%
  - Female: 34%

- Negative feelings
  - Male: 48%
  - Female: 60%

- Caregiving affected personal health and well being negatively
  - Male: 37%
  - Female: 48%

Source: Beyond Dollars 2015
Savings & retirement funds at risk

Caregivers are paying $10,000 out-of-pocket for their care recipient’s care.

62% of caregivers use their own retirement and savings to pay for care.

AND

38% of caregivers reduce their contributions to their savings and retirement.

Source: Beyond Dollars 2015
Female retirement & savings

Female care recipients did these things more often than their male counterparts to pay for care:

- Used funds intended for retirement and inheritance
- Cut back on luxury expenditures and reduced their base quality of life
Caregivers' careers & livelihoods at risk

77% of caregivers missed time from work

-7 hours per week

Caregivers reported missing an average of 7 hours of work per week

52% had to work fewer hours

Over 1/4 had to miss advancement opportunities

55% had to leave work

Source: Beyond Dollars 2015
Female careers & livelihood

53% of female caregivers felt that they lost income due to working fewer hours, leaving a job, or missing career opportunities.

60% of caregivers who provide 30+ hours of care per week are women.

Source: Beyond Dollars 2015
Planning mitigates stress and negative impacts

1/2 of care recipients had considered the possibility of needing care

26% actually planned for it

63% of those who planned wished they had started sooner

Source: Beyond Dollars 2015
Planning and female caregivers

53% of male care recipients had considered the possibility of needing care.

42% of female care recipients had considered the possibility of needing care.

Of those individuals, 53% of the males made plans for that care and 44% of the women made plans.

Source: Beyond Dollars 2015
Planning could have helped

59% of caregivers thought their care recipients should’ve taken steps sooner to prepare for their long term care need.

80% of respondents who thought action should’ve been taken sooner estimated that $8,000 of the $10,000 out-of-pocket expenses could have been saved.

Source: Beyond Dollars 2015
Planning and female caregivers

63% OF FEMALE CAREGIVERS
56% OF MALE CAREGIVERS

Feel that their care recipient should have taken steps sooner for their long term care need

Source: Beyond Dollars 2015
The top 3 reasons cited by female caregivers for not planning for care are:

1. Care recipient did not want to talk about it
2. Did not want to admit care was needed
3. The timing of care was unforeseeable
Caregivers whose care recipients had long term care insurance reported:

- Feeling significantly less stress than non-owners
- Feeling better prepared to deal with the situation

63% of respondents whose loved ones did not have long term care insurance felt that having it would have benefited their care recipient.
Advice shared from caregivers in our survey

1. Plan better
2. Get someone to provide care so you can get a break
3. Make care recipients more comfortable in your own home
4. Ensure medical directives are in place and have been reviewed with family and friends
5. Consult knowledgeable professionals to discuss how to pay for care

Source: Beyond Dollars 2015
Insurance and annuity products

• Are not deposits.
• May decrease in value.
• Are not insured by the FDIC or any other federal government agency.
• Are not guaranteed by a bank or its affiliates.

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FINANCIAL PLANNING FOR CAREGIVERS

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WIsher/ National Resource Center on Women & Retirement Planning

- Operate with the Administration on Aging
- One-stop gateway to provide basic financial information and resources
- Focus is on financial planning, retirement readiness, health and long-term planning
  Topics: Saving & Investing, Social Security, Retirement Planning, Divorce, Widowhood, and Financial Fraud & Abuse
- www.wiserwomen.org
FINANCIAL IMPACT OF CAREGIVING

- 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.
FINANCIAL IMPACT OF CAREGIVING

- 70% of caregivers report making adjustments in work schedules.
- Reduced wages and benefits result in missed opportunities for compounded interest, matching contributions, and less money saved and invested.
- Caregivers pay an estimated $5,531 annually in out-of-pocket costs.
- 2011 study showed caregivers lost $303,880 in wages, Social Security benefits, and private pensions.
**Step 1: Getting Started**

- **Family Financial Planning**
  - 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?
  - If you will be providing most of the care, speak up about what you need from others
  - Learn more about legal “personal care agreements” for family caregivers
PERSONAL CARE AGREEMENTS

- Can be used for family and non-family caregivers

- Formal 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”

- Additional resources: Naela.org and Family Caregiver Alliance, caregiver.org
Step 1: Getting Started (cont.)

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?
- Do you have an long-term care insurance policy? [www.longtermcare.gov](http://www.longtermcare.gov)
**Step 2: Leaving a Job or 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.gov and Benefitscheckup.org
  - Even staying an extra year can make a big difference.

- 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 or Working Part Time (cont.)

- 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: Creating a Household Budget

- 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: Creating a Household Budget (cont.)**

- **Track your spending**
  - Note all 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 4: Planning for Your Retirement**

- Determine your sources of retirement income and estimate what they will provide as monthly income
  - Social Security
  - Private or government pensions
  - IRA or 401(k)s
  - Personal savings and investments

- Calculate need 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
**Step 4: Planning for Your Retirement (cont.)**

- **Retirement Planning Calculators can help:**
  - Longevity Calculators
  - Retirement Expenses Calculators
  - Retirement Income Calculators
  - [www.retireonyourterms.org](http://www.retireonyourterms.org)

- **Not on track?**
  - Consider opening a *myRA* savings account: [www.myra.gov](http://www.myra.gov)
  - Economic Checkup from NCOA: [www.EconomicCheckup.org](http://www.EconomicCheckup.org)
  - National Foundation for Credit Card Counseling: 1-800-388-2227 or [www.nfcc.org](http://www.nfcc.org)
LEARN MORE ABOUT ANNUITIES

- WISER Publication, *Making Your Money Last a Lifetime: What You Need to Know About Annuities*

- WISER’s *Your Future Paycheck®* Lifetime Income Calculator (link on left side of WISER homepage)

- Other resources:
  - Annuities.com
  - ImmediateAnnuities.com
  - ACLI.com – “For Consumers” section:
    - Buying Tips and Questions to Ask
    - Tips for Seniors
**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](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 [www.shiptacenter.org](http://www.shiptacenter.org).

- Medicare Rights Center: Callers living on low or fixed incomes also screened for additional programs that can help pay costs of Medicare. 1-800-333-4114 or [www.medicarerights.org](http://www.medicarerights.org)
**Step 5: Financial Help for Older Adults (cont.)**

- **Eldercare Locator:** Eldercare.gov  
  - Nationwide service that connects older adults and their caregivers with local, trusted services. 1-800-677-1116

- **Benefits Checkup:** Benefitscheckup.org  
  - Quickly find benefit programs that could help pay for medications, health care, food, utilities and more.

- **Reverse Mortgages**  
  - Borrow against the equity in your home  
  - Not right for everyone—do your homework!  
  - Info & resources: National Council on Aging (ncoa.org) and CFPB.gov
**Additional Resources**

- **Caregiver Action Network**
  [Caregiveraction.org](http://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](http://Lotsahelpinghands.com) – create your own online site to coordinate support activities among family, friends and volunteers
ADDITIONAL RESOURCES

- **Caring From a Distance**, [Cfad.org](http://Cfad.org) – special help for long-distance caregivers including communication and online tools to help families coordinate care planning

- **Help Our Wounded**, [helpourwounded.org](http://helpourwounded.org) – resources for caregivers and wounded veterans

- **Well Spouse Association**, [wells spouse.org](http://wellspouse.org) – peer support and education about the challenges facing caregiving spouses
“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

www.consumerfinance.gov/managing-someone-elses-money
RESOURCES FROM WISER

WISER has been helping caregivers for more than 19 years!

View or download a PDF copy of the booklet and other resources at www.wiserwomen.org
THANK YOU FOR JOINING US TODAY, AND THANK YOU FOR ALL THE GREAT WORK YOU DO!

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DISCUSSION

PLEASE ENTER YOUR QUESTIONS IN THE CHATBOX!

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