

# Caring for an Aging Parent

*A Comprehensive Guide*



[www.neirg.com](http://www.neirg.com)

| (978) 975-2559



There's no denying it: your parents are getting older. The people who took care of you now need your care. They will need help making decisions about their health care, plus their personal and financial matters. Maybe you already began taking on that responsibility when one parent passed away years ago, and now you realize your surviving parent is beginning to decline. Regardless of your experience, your new reality is the norm for millions of adult children. A study in 2015 estimated 40 million adults in the United States had provided unpaid care to an adult in the previous 12 months.<sup>1</sup>

There are nearly 75 million baby boomers ranging in age from 72 to 53. Some of these boomers will need help now from their adult children to remember passwords or pay bills. As your parents age, are you ready to take on this important caregiver role? The National Alliance for Caregiving and AARP survey found the average age of caregivers is 49. Many people in their 30s have already transitioned to the caregiver role.

This guide will help you with the financial impact of caregiving. We will cover what you can do to make the transition to this life stage as seamless as possible, for both your parents and yourself.



## Transitioning Family Leadership

What values are important to your parents? Some families have strong ties to the arts. If your parents are avid supporters of the symphony, they may want you to carry that legacy forward. They may also have plans for long-term financial support of their favorite charities. You need to understand the core values of your family in order to help your parents meet these types of goals.

Other families need to consider land holdings. If your family has a land trust, there are special considerations to preserve it. You also need to know how long to maintain the trust, or if any circumstances allow it to be sold.

Your parent may highly value the importance of continuing education. They may have set up funds to pay for your children's schooling and post-secondary education. Do you know what conditions must be met to access the money? You will need to speak with your parents to learn what types of schools the fund will pay for and how much money must be set aside to ensure their wishes are met.

As you transition to the matriarch or patriarch of the family, how will you carry on the values of your family? How will you know what is important to your parents? You must talk to them.

A recent poll found only 11% of people have spoken to their parents about how they plan to spend and pay for their lives as they age.<sup>2</sup> Do you know what role your parents expect you to have in their financial decisions? Are you all in agreement? Not all families are, according to a Fidelity Investments Family & Finance Study.<sup>3</sup> While 69% of parents expect a child to help manage their retirement finances and investments, 36% of the children identified by the parents as filling this role didn't know their parents had this expectation of them.

## *How Do I Talk to My Parents About Their Future?*

It's not easy to tell someone they can't take care of themselves anymore. Feelings and pride will be hurt. When the time has come to speak with your mom or dad about their long-term care, don't put it off. It's best to broach the subject before any major decisions need to be made about managing retirement funds or determining where they would like to live as they age.

Your parents may have been raised to not talk about money. Take a soft approach. Let them know that you respect their concerns and needs, but also express your concerns. Their situation impacts you, particularly if they become unable to support or care for themselves. If your parents are willing to talk, ask where they keep important personal and financial records, ask about housing, budgeting and health care issues, and find out what steps they have taken to plan their estate. Ask them what's important to them regarding their long-term care and take the actions necessary to honor their wishes.

If your parents don't feel comfortable talking to you, encourage them to talk to their trusted wealth management advisor, who can broker these types of conversations with you and your parents.

*If your parents are willing to talk,  
ask about housing, budgeting and  
health care issues.*

## Dealing with Memory Disorders

What if your parent suffers from dementia, Alzheimer's disease or another memory disorder? In a best-case scenario, you would have had a talk about their financial future before their cognitive function deteriorated. It would be ideal if your parent realized their situation was deteriorating and got their adult children up to speed on their retirement and investment plans before it became too late.

But, that's not always going to be realistic. Nearly a third of Americans age 85 and older have Alzheimer's disease.<sup>4</sup> Fourteen percent of Americans age 71 or older have some degree of dementia.<sup>5</sup>

A recent study found that women are more likely than men to develop Alzheimer's. The Merrill Lynch and Age Wave study found that after age 65, women have twice the projected risk of Alzheimer's than men do.<sup>6</sup>

If your parents did not previously instruct you on their financial matters, you'll need to play catch up. You will have to find out what financial documents your parents have in place, such as a will, power of attorney, or health care proxy. Your parents could have set up a revocable living trust. Find out who has been designated your parent's power of attorney, as that person is able to act financially in the best interest of your parent.

You and your family will have to make major decisions about your parent's future without their input or guidance. What kind of assisted living facility would be best for your parents? How much of your parent's retirement savings should be used for their care? You may also have to step in to protect your mom or dad from making disastrous financial decisions. You will have to convince your parents

that they should no longer manage their investments day-to-day anymore. It's possible your parents will be unaware that they need to make an IRA withdrawal.

Did you know that financial inattention or incompetence may be one of the first signs of Alzheimer's or another form of dementia? Pay attention if your parent has trouble calculating a tip at a restaurant, counting change, or reading a bank statement. This could be a warning sign of problems to come – unpaid bills, impulsive spending, or questionable investment decisions.

Talking to your parent will be difficult. But if you don't, your parent could mismanage their money. They could lose money that is meant to fund their future long-term care or a grandchild's education. Although having this conversation will be uncomfortable, it is important.



## Share Your Wishes with Your Family

Having conversations with your mom and dad about their retirement and care may get you thinking about your future and your children's financial future. Talk to your wealth management advisor to set up any specific funds or investments for yourself or your children. Write out documents detailing what you expect your family to do as you age. This will hopefully make the conversation easier for everyone when you are on the other side of the discussion.

## Adding Responsibilities

At this stage in your life, you may feel a bit overwhelmed at the prospect of having to manage your parent's finances and day-to-day living expenses and arrangements. Chances are, you have a young family, with your finances and household responsibilities to manage. It's normal to feel stressed and question how you will balance your current duties with those your parents used to handle. Your wealth management advisor can assist in carrying out your parent's financial wishes and ensuring your parent has funds available to provide for their care as they age. Regularly meeting with your parent and wealth management advisor to go over retirement funds and investments will help your parent have peace of mind that their lifestyle plan will be followed. It's important that you ask your parents or parent what their wishes are for their future.

### Nick's Notes.

- You won't know what your parents want for their future unless you ask.
- Discuss their financial and personal plans earlier rather than later. Memory disorders will complicate this task.
- Think about how you want your life to be when you are older. Write it down for your children to have in the future.
- Seek help from your wealth management advisor to fulfill your parents' (and your) wishes.



*It's normal to feel stressed.*



## *Collaborate with Your Parents on a Lifestyle Plan*

You must work with your parents on making important decisions about their lives, especially if they are still in sound mind. Together decide where they will live, how their money will be handled and their health care wishes. Your parents have spent most of their lives being independent. They made their own decisions. They may not want to be seen as dependent upon their children. Working together will allow them to feel good about any decisions that affect them. Discuss what their long-term care plan is and find out how they intended to fund their plan.

*Working together will allow  
them to feel good.*

## Funding Care

When you speak to your parent about long-term care, find out how they plan to pay for their long-term care and living expenses. Do they plan to rely on Medicare to cover some expenses? If yes, and your parent retires before age 65, they will need to make sure they've got private insurance coverage in place. Medicare covers hospital stays up to a certain number of days, hospice and respite care and certain home health services. Medicare generally doesn't cover long-term care stays or custodial care, such as bathing or dressing, if that's the only help you need.

Your parent may have purchased long-term care insurance to cover costs that health insurance or Medicare won't cover. Ask if they've purchased any related insurance coverage for longer stays in a skilled nursing facility or for medical care for when they travel outside of the U.S. Review the policies with your wealth management advisor to determine whether to use the coverage. It may make sense to self-fund any long-term care. If you decide to self-fund, your wealth management advisor can help determine which assets to use to pay for the care.

## Where Should Your Parents Live?

Ask your mom and dad where they see themselves aging. Is it in the family home; a smaller, more-accessible home nearby; or in an active community for those 55 and up? It may be that your parent or parents are already at a point where living independently is no longer an option and assisted living or a nursing home is the right choice as they age. No matter where your parents live, it's best to do your homework on the selected location to ensure it is the proper fit for them.

## Staying at Home

Are your parents (or parent) able to physically stay in their current home? If the answer is no, it doesn't necessarily mean it's time for them to move. They may have to make modifications to the home to make it wheelchair accessible. They may also need to hire additional help to handle household tasks they used to perform.

How emotionally attached are your parents to the house? Sometimes, moving can be very difficult because of the memories attached to the home. On the other hand, sometimes empty nesters are ready for a fresh start in a new house that will allow them to spend more time enjoying life, traveling to visit grandchildren or friends.

## Living with a Child

You and your parent may decide that it's best they move in with you. If they choose this option, ensure your home is equipped to make their life easier, such as shower/tub grab bars and a first-floor bedroom and bathroom. You will need to consider what expectations both you and your parent will have after they move in. Does your parent expect to be included in every family activity, such as going out to eat or family vacations? Do you expect your parent to help take care of young children? Discussing this before your parent moves in will help avoid conflicts later.

## Living Independently – with Help

Independent living is an option for your parents if they want to continue to live on their own, but don't want to worry about upkeep of the exterior of the home and yard. Your parents could move into a low-maintenance home or condominium near you or a sibling. This way, they are able to retain independence, but know help is nearby. You could also hire additional house-keeping or transportation services for your parents.

Assisted living options offer rooms or apartments for rent and provide housekeeping services, food, social activities and transportation. These types of communities are not going to provide extensive medical care but are more for people looking for a social outlet who don't want to worry about cooking or cleaning.

## Nursing Home

Nursing homes offer 24-hour access to medical care. People who live in a nursing home typically cannot live by themselves or without a great deal of assistance. Many people fear going into a nursing home because of negative news reports about mistreated residents and high costs. Nursing home costs are high and continue to rise. Lincoln Financial Group's annual What Care Costs study found in 2017 that the national average for a semi-private room in a skilled nursing home is \$89,305 annually, up from \$87,000 in 2016. A private room costs on average \$102,900, up from \$99,600 the year before.<sup>7</sup>

Unfortunately, many people are underestimating the costs of long-term care as well as whether they will eventually need it. The people surveyed in Lincoln Financial Group's 2018 study estimated nursing home care at \$54,000 a year, much lower than \$100,000-plus noted above.<sup>8</sup> In addition, only about 33% of the people surveyed believed they will need long-term care in their lifetime, but the Department of Health and Human Services estimates nearly 70 percent of people turning 65 today will need some form of long-term care in their lifetime.<sup>9</sup>

It's best to select a nursing home before your parent or parents need it. Visit several facilities and seek recommendations from friends or family members who have recently helped a loved one find a nursing home. It's possible to enter a nursing home for a short period of time and recover enough to be able to live at home or with some assistance.



# How Can I Tell If a Nursing Home Provides High-Quality Care?

## *The Quality of Health Care*

Make sure the nursing home is certified by the state. Ask about the credentials and training of the staff, including doctors, nurses, and aides. Can the residents see their own doctors or must they see the staff physician? Do they have access to dentists, eye doctors, and other specialists? Does the facility have clear procedures it follows for medical emergencies?

## *Resident/Staff Ratio and Interaction*

Find out how the nursing home complies with state and federal government regulations such as patient/staff ratio and training. Notice how staff members treat residents. Do they generally seem caring, or are they distracted? Are a lot of residents sitting around in common areas doing nothing, or are there stimulating activities going on?

## *The Facility's Appearance*

The nursing home should be clean and well maintained. A bad smell may indicate the staff is too busy or uncaring to help residents to the bathroom or to change clothes. Rooms and public areas should be comfortable. The dining room and kitchen should be clean, and the food should be hot and appetizing.

## *Safety and Security*

Ask when the facility was built and/or updated. In general, the newer the building, the more fire-resistant it will be due to changes in building codes. Look for safety features such as wide hallways, doors that unlock from the inside, handrails, and grab bars.

*You can compare nursing homes at [www.medicare.gov](http://www.medicare.gov).*

## *In-Home Care Options*

Not everyone will end up living in a nursing home or retirement community. Many people can remain living in their home with some planning and assistance. There are several types of in-home care options available:

### **Health Care Services.**

If your parent has a medical condition that requires nursing care, daily monitoring, or therapy, then a nurse or an aide may need to be hired to help your parent remain at home. Health care personnel can be hired through nursing registries or home health agencies (HHAs).

### **Household Help.**

If your parent can live somewhat independently, but needs help with cooking, laundry, cleaning or shopping, then consider hiring household help. You can find household help through some home care organizations or by asking trusted friends and advisors for referrals. Some state and local governments also have programs set up to assist the elderly. You may also search through your local Department of Social Services, Department of Human Services, Health Department or Council/Office on Aging.

### **Personal Care.**

If your parent has trouble bathing, dressing, walking, or feeding himself or herself, your parent may need personal care. People who provide personal care services sometimes perform household tasks as well. Some home care agencies or HHAs can find you a suitable aide. You can also ask for referrals from friends and colleagues. Remember, though, that if you hire your own aide, you may have to pay Social Security taxes and withhold income tax from his or her salary.

Always verify the credentials of a home health agency by checking licenses with the state or with Medicare. When hiring an individual, ask for references and find out if the person is bonded or has insurance. Your wealth management advisor can assist with onboarding and other paperwork for additional household help.

## In-Home Care Costs

The What Care Costs study found the average national fee for a home health aid is \$23 per hour. If your parent needs a registered nurse, the national average for a home visit rises to \$139. Note, however, that **in-home care may be tax-deductible**. Your parent can deduct medical expenses that exceed 7.5% of their adjusted gross income (10% if your parent is younger than age 65) if they itemize their deductions. In fact, if you are paying for your parent's care, you may deduct the medical expenses instead.

For example, your parent may be able to deduct wages they pay for in-home nursing services, including any services connected with caring for their medical condition, such as changing dressings and bathing. The person they employ does not necessarily have to be a nurse, but the services provided must be medically necessary services. Your parent cannot deduct general household help such as shopping, cooking, and housecleaning. In addition, if they pay medical insurance premiums or need to modify their home to accommodate their medical condition, your parent may be able to deduct these expenses as well.

Work with your wealth management advisor or accountant to determine if you or your parent qualify to claim these deductions and how to properly file on your tax returns.





## Nick's Notes.

- Work together with your parents about where to live.
- visit nursing homes or assisted living facilities to make sure they are the right fit.
- Prep your home if your parents are moving in.
- Evaluate your parents' finances to determine how to pay for care. Many people wrongly assume they won't need long-term care and don't plan for it.

## Brian's Notes

- Is the current housing situation suitable?
- Have they made contingency plans for illness, disability or death of a spouse?
- Is there money available to pay for these contingencies?

# Taking on Family Financial Responsibilities

When your parents are no longer in a position to manage their finances, they will likely look to a child to help them. If your parents have requested you manage their financial responsibilities, there is a lot to consider.

## *Family Trusts*

If you become trustee of one or several family trusts, you'll be responsible for numerous duties, including getting up to speed on the trust and its assets, investing its assets if applicable, and administering the trust according to its terms. You'll also be responsible for any decisions related to the trust and must prepare records, tax returns and statements. You'll be required to communicate regularly with beneficiaries and will need to find answers to any questions you or the beneficiaries have related to the trust.<sup>10</sup>

## *Private Banking*

You'll need to find out from your parents how many bank accounts they have and where those accounts are located. You may even need to have your named added to the account to give you access to it. You'll be responsible for keeping track of deposits and withdrawals from each account, managing auto pay for bills, and handle any outstanding loans or lines of credit.



## Managing Portfolios and Family Assets

Chances are, your parents have invested money in various places to both protect it and grow it. You'll need to take control of those portfolios and manage the risk of their investments, especially now that they are older. You'll also need to research where to put your parents' money – stocks, bonds, index funds, etc. – and then which particular ones to participate in.

Don't forget digital assets, which include information stored on you parent's computer and phone, content uploaded to websites such as Facebook, and any intellectual/creative stakes in certain digital property. A person is able to control what happens to these things when after they died and who is able to access you parent's email and social media accounts. (Some social media sites' terms of service will control who gets the digital assets.) See if your parent included information about digital assets in their will. If not, ask your parent so you are able to carry out their wishes regarding these types of assets.

*Ask yourself: Are your family's assets being properly preserved? Does the current structure make the most sense financially for your family at this stage in everyone's lives?*

## Social Security Benefits

Consider signing up for the Social Security's representative payee program. Don't worry if you or your parent hadn't heard of it. The program allows a designated, approved second-party receive and manage monthly Social Security benefits on you parent's behalf. The monthly benefit is sent to the representative. This person must document to Social Security that the money was spent in your parent's best interest. Just 9% of Social Security recipients older than 70 with dementia were enrolled in the program in 2017, according to the Center for Retirement Research at Boston College.<sup>11</sup>



## Nick's Notes.

- Take over your parents' finances. Be prepared to go over all accounts and investments. You want to make sure their money is accounted for and in the right investments.
- Make sure your name is on all bank accounts.
- Sign up to be the representative payee for your parent's Social Security benefits. This is very important if your parent suffers from dementia or other cognitive impairment.
- Reach out to your trusted wealth management advisor. Your advisor can help you manage your parents' accounts and preserve their financial legacy.

## Brian's Notes

- MAKE A LIST OF ALL ACCOUNTS AND WHERE THEY ARE HELD
  - ex: use a Peace of Mind Checklist. (You can obtain a copy by contacting us directly)
- Get contact info for all professional advisors.
  - CPA, Attorney, Advisor, Insurance Agent, Etc.
- Make sure titling is accurate on all accounts
- Consolidate accounts whenever possible
- Make sure beneficiary designations are up to date
- Do they have an estate plan that reflects their current wishes?
  - Up-to-date durable POA, health care agent, health care directive (life prolonging care?)



## *Turn to Experts for Help*

It's disheartening when you realize your parent is declining. Suddenly being required to manage your parent's financial and health matters can be overwhelming. It can also be stressful when you factor in the responsibilities to care for and provide for your own young family.

But you don't have to do everything by yourself. Turn to your trusted wealth management advisor who can help you and your parent or parents make the right decisions to ensure they will receive the exceptional long-term care they need and that your family's money will be preserved for generations to come.

*Contact NEIRG*

New England  
**Investment & Retirement**  
Group, Inc.

# Your Experts



*Nick Giacoumakis,  
President and Founder*



*Brian Pirri,  
CFP®, Partner and Principal*

New England  
**Investment & Retirement**  
Group, Inc.

## Massachusetts Office

231 Sutton Street,  
Suites 2A & 2B  
North Andover, MA 01845

## Florida Office

4851 Tamiami Trail North  
Suite 211 & 212  
Naples, FL 34103

**(978) 975-2559**  
**www.neirg.com**

# Sources

- (1) - The National Alliance for Caregiving and AARP, 2015
- (2) - Genworth Life Insurance Co.
- (3) - Fidelity Investments Family & Finance Executive Summary, 2016
- (4) - Chicago Health and Aging Project
- (5) - National Institute on Aging
- (6) - "The Stubborn Wealth Gap Between Men and Women," Barron's, April 18, 2018
- (7) - "What Does Long-Term Care Cost?" Lincoln Financial Group, 2017
- (8) - "Lincoln Financial Group Study Finds Misconceptions and Confusion About the Increasing Need for Long-Term Care Planning In America," Lincoln Financial Group, 2018
- (9) "How Much Care Will You Need?," U.S. Department of Health and Human Services
- (10) "Executor & Trustee Guidelines," Fidelity Investments
- (11) "Are Many Retirees With Dementia Lacking Help?" Center for Retirement Research at Boston College, August 2017