

Financial Issues for Long-Distance Caregivers

When older friends and relatives need our help, it is not always possible for us to move back to personally oversee their care. The same goes for younger loved ones who face sudden illness or injury that robs them of their ability to care for themselves.

How can we best be in charge when we can't be onsite?

It takes a plan, one best made well ahead of the time when there is a real need. In reality, caregiving issues should be part of any person's long-term financial plan if there is even the remotest chance that a spouse, partner, parent, child aunt or uncle, sibling or friend may end up needing our care.

However, statistics suggest that possibility may not be all that remote, particularly as Americans live longer. In a [2009 report](#), The National Alliance for Caregivers, in collaboration with AARP and the MetLife Foundation, reported that 29 percent of the U.S. adult population, or 65.7 million people, are caregivers, including 31 percent of all households. Those numbers are expected to grow due largely to the aging Baby Boomer demographic.

Where to start? A good first stop is a qualified financial planner who can look at your overall financial picture and the financial picture for your loved one. Then you can determine how much help you can offer from a money perspective, either in direct care, travel expenses or expenses for third parties offering direct assistance onsite. It is important to get one-to-one advice on these matters because a caregiving plan needs to fit you and the person you are trying to help. Here are some questions that can help you focus your thinking:

Do you know your loved one's care preferences? Before you even get to money issues, understand what your loved one wants. The best-case scenario is to have a conversation with that person long before they need care, but even in a transitional situation, addressing their care preferences and overall dignity is paramount. You need to make sure your loved one understands your situation too, particularly if your work, your family situation or other issues prevent you from caring for them personally. Before making a plan, understand each other. A family meeting might be a good idea so everyone understands these needs and wants.

Are their legal documents in place? Does this parent, relative or friend have a will and necessary health directives in place? Health directives name a single individual to manage all key health decisions if a patient cannot make them; a will depending on their assets and lifestyle situation – if they have kids to raise or a business to run, for example – check to see what detailed legal instructions they have in place to manage their finances or run their business if they are incapacitated. If those plans have not been made, they need to be made immediately with the help of financial planning, tax and estate experts to fit those documents to your loved

one's needs. An individual who is ill or disabled needs to designate people whom they trust to handle health and personal finance decisions. But if they have not planned for the future of their business, that is a third and very detailed step that needs to be addressed in collaboration with other family members as well as key co-workers or executives.

Do you know their financial situation? It is rarely easy to talk about money even in the closest relationships. But once care preferences are known, then it is time to discuss the loved one's own financial preparations because one of the biggest misperceptions about long-term care is that the government provides financial support for nursing or home-based care. (Outside of medical care for those who qualify under Medicare or Medicaid, it doesn't.) A qualified financial planner can be an important mediator in this very detailed discussion, asking both sides critical questions to illuminate what financial resources are available and which ones might be needed. Keep in mind that the questions go well beyond what is necessary to provide care – loved ones may need to address omnibus issues like real estate and estate planning but even minute lifestyle issues like making sure monthly bills get paid. Expect a very wide-ranging and detailed conversation that could take weeks, not hours.

Who should handle what? Bigger families and groups can share responsibilities, and that can make the caregiving job easier. But if you are soloing as the financial and health power of attorney, it is important to devise ways to do remote tasks efficiently and bring in help when necessary so you can supervise effectively from afar:

- *Consider a geriatric care manager:* The National Association of Professional Geriatric Care Managers [www.caremanager.org] is an organization of on-the-ground caregivers and caregiving coordinators with skills that include nursing, gerontology, social work and psychology. For caregivers with limited time to address their loved one's day-to-day issues but who have the resources to pay for help, it might be wise to consult with experts after checking their references and qualifications.
- *Take full advantage of the Internet:* Older relatives tend to trust traditional means of paying bills, but automatic bill pay and other online financial tools provide an extraordinary benefit for caregivers or relatives charged with managing someone else's finances. By gathering all bills that need to be paid and programming in their payment dates, there is little or no risk that any regular bills will be paid late. Automatic bill payment should be one of the first decisions made if an elderly relative establishes a joint checking account with a caregiver or whoever holds their financial power of attorney. Also, if a relative wants to continue a regular savings or investment plan while they are incapacitated, those payments can be made as well. Most important – once those automatic transactions are set up, all the security codes and passwords must be kept in a safe place for both to access.
- *Set up a home maintenance schedule:* If the relative is hoping to return to the home or if it must be sold at a later date to pay bills or to settle the estate, it must be maintained to assure its value at the time it needs to be reoccupied or sold.
- *Develop a paperwork system:* The sheer amount of paperwork associated with caring for a sick or disabled person can shake the most organized individual. A trained financial expert can help you set up a system for collecting and sorting all the medical and care-based paperwork that will accumulate during your loved one's care. This is a particular priority for those who are managing this situation remotely. If the house is unoccupied, it is also important that there is a way to keep mail secure to avoid identity theft – buy a shredder for all mailed materials that do not need to be filed. Also ask your loved one for

permission to pull their credit reports annually so you can confirm all accounts are current and they have not been targeted by identity thieves.

What if I need to move? Never say never – this is the reality of a caregiver's life. Particularly as loved ones get to the end stage of their lives or suffer emergencies and other setbacks, supervising caregivers need to plan for anything. The need to relocate, even temporarily, should always stay in the back of your mind, and the best time to coordinate with family and employers is always before the need arises.

November 2010 — This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by Eric S. Korbitz, CPA, CFP® of Korbitz Financial Planning LLC, a local member of FPA.