

Protecting Your Retirement and Other Financial Information for Family Caregivers: What Every Adult Child Should Know¹

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Abstract

Protecting Your Retirement and Other Financial Information for the Family Caregiver: What Every Adult Child Should Know is designed as an interactive workbook to help care receivers and potential caregivers understand their financial situations, how their financial situations may change, and how best to communicate about caregiving and financial issues within their families. Since the more prepared families are, the easier the transition to a caregiving situation will be, the National Endowment for Financial Education® (NEFE®) provided funding through Grant Project #001-04-2001 to Virginia Polytechnic Institute and State University to write this book to help guide families through the financial, legal, and communication processes.

Introduction

Being a family caregiver comes with many responsibilities. Serving as a caregiver may stir up feelings of guilt as families struggle with what is best for the person in need and how it affects the rest of the family. One area that may not receive careful consideration is planning for a caregiver's retirement if he or she reduces or gives up employment to help out another family member. The materials in this binder provide many areas to think about, plus ways to discuss this tough subject within your family.

Caregiving doesn't have to mean the care receiver lives in your home. It may mean you provide transportation or other assistance to someone still living independently. Even if a care receiver accepts custodial care (care from a third party, such as a nursing home or independent living facility), there will be times when health and other emergencies will force the family caregiver to miss work. For working Americans, this requires a flexible work schedule or personal leave days, sometimes without pay.

While some jobs offer flexible work schedules or hours, others do not. All family caregivers have serious choices to make, including how assuming the role of family caregiver will affect them financially.

One of the financial decisions involved with becoming a caregiver is whether or not you can afford this new arrangement. Often you have no choice, but the type of care the care receiver requires can give you some flexibility. The decision about the type of care has three parts:

What types of care are available in your area and what are the costs?

How will you pay for the care?

If you decide to provide care at home, will you stop working or reduce the hours you work?

The following table lists how concerns about your job and the hours you work may affect not only your salary but also your savings for retirement. To assist the family in making decisions that are best for all the people involved, this material presents a variety of options and their consequences.

Table 1
Altering Retirement Plan Contributions

Concern	Affect on Retirement Plan Contributions
Stay at work, but reduce my hours	May no longer be able to participate in retirement plan at work Reduced employer and/or employee contribution to retirement plan at work
Leave without pay	Reduced employer and/or employee contribution to retirement plan at work No contributions during period of leave
Stay at work in a less demanding job	May no longer be able to participate in retirement plan at work Reduced employer and/or employee contribution to retirement plan at work
Leave work	No longer be able to participate in retirement plan at work

Caregiving takes many forms and happens at all stages of life. While this binder is intended primarily for family caregivers of the elderly, someone caring for a disabled or seriously ill family member may also find it helpful.

No single program can offer all the financial information necessary to help caregivers. Information changes as laws and programs change, and laws vary from state to state. This binder provides general information about programs, then it refers you to resources for specific information. This isn't a course in personal finance—financial worksheets are provided simply to help you get started and point out the types of information you'll need to gather. Visit the companion Web site at www.ahrm.vt.edu/familycaregivers.htm for these materials and other resources if you need help with the basics or need more information on the topics presented. Note that the companion Web site was established, is managed, and is maintained solely by Virginia Polytechnic Institute and State University.

The goal of this binder is to help caregivers protect their assets and prepare for retirement while providing care. The information will also assist with financial discussions that might take place as families make important decisions about the care receiver's future. This binder is intended to be used as part of a package with the video and information available on the Web site.

Program

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A complete set of the materials for Protecting Your Retirement and Other Financial Information for Family Caregivers includes:

A video: One of the best ways to make caregiving easier is to make plans before care is needed. The video contains vignettes of communication challenges that typically come up when dealing with caregiving issues as well as techniques for discussing these issues among a family. Scenes offer examples of talking about caregiving issues with the family or appropriate third parties, such as a financial planner, attorney, or case worker who can help conversations remain objective and less emotional.

A CD-ROM: The CD-ROM has a PDF version of the binder, but it is designed for use by groups or individuals with computer access. In addition to the PDF of the binder, it contains a leader's guide, PowerPoint slides for each chapter, and an evaluation sheet. It also contains worksheets that can be customized to the needs of each particular group. If individuals want to use a computer to complete the forms, the CD-ROM contains interactive forms in Microsoft Word and Excel formats.

A binder: The binder is designed for individual use for people without computer access, and you'll find worksheets and resources to help with financial issues. Make copies of the worksheets as necessary—for example, you may need more space or you may need to update information as situations change. The different types of care facilities are presented along with various ways to fund their costs. Discussions include ways other family members can help the primary caregiver when leaving work, changing jobs, or reducing hours.

- Chapter 1 deals with understanding where you and the care receiver stand financially and what resources are available to pay for care.
- Chapter 2 outlines why it is essential to plan ahead by having in place all the legal documents a care receiver needs. These documents allow a caregiver to make financial and medical decisions when necessary and lay the groundwork for him or her to receive pay for the care provided.
- Chapter 3 summarizes the financial decisions family caregivers need to consider. What happens to a person's retirement if he or she leaves work to become a caregiver? Are there alternative ways for paying someone to help the care receiver while the caregiver continues to work? Does your employer allow for flexible hours that will make it easier for a caregiver to keep working while taking the care receiver to the doctor or other appointments? Will an employer allow a caregiver to work from home on occasion, such as in bad weather, if the care receiver is ill and cannot attend an adult day care program, or if another care provider gets sick and can't come?
- Chapter 4 discusses the types of care available and the programs that cover the cost of different types of care.
- Chapter 5 deals with how you can pay for care using long-term care insurance, Veterans benefits, Medicare, Medigap insurance, and Medicaid.
- Chapter 6 explains communication techniques families can use when discussing these difficult issues.

Endnotes

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