

Retirement and the Cost of Caregiving

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Key words: caregiving, finances, retirement, women

Target Audience

Family caregivers provide a service of economic value to the U.S. national economy as well as to the care recipient. Moreover, incidents of family caregiving are on the rise. Over 44 million U.S. adults provide care to a friend or relative. Importantly, sixty-one percent of these caregivers are women. It is widely known that women in general are financially disadvantaged as compared to their male counterparts as a result of the intersection of compensation practices, gendered views of parenting that position women as primary caregivers of children, and social policies developed based on male work patterns such as the Social Security retirement benefit.

Caregiving can compound a woman's economic disadvantage. The direct financial cost of providing care has been widely explored. According to a study by the National Center on Women and Aging and MetLife, caregivers lost over \$659,000 in lifetime earnings and benefits. These lost wages and benefits have severe implications for the caregiver's future financial security and quality of life.

Caregivers deeply immersed in providing care and support for their family member typically do not quantify their own lost wages and benefits. Not readily acknowledged by most caregivers are the long-term financial implications of the reduction of their own retirement resources. Reduced wages and benefits translate into lost 401(k), employer matching contributions, and the associated compound interest earning as well as the ability to build wealth and assets through other savings and investments. In this session participants will explore hidden caregiving related financial costs and learn strategies and resources to help meet the financial needs of the caregiver for a more financially secure today and tomorrow.

This curriculum is designed to be used by educators, including those in the university classroom and Extension educators, with college students and community citizens. Curriculum would be appropriate in economics, finance, and family and consumer sciences courses. Extension educators could use the program with adult audiences. Ideally, young and mid-life adults with time to plan financially before the responsibilities of caring for a family member would begin. However, the material would still be beneficial to those nearer to retirement and already engaging in caregiving responsibilities.

Objectives/Purpose

This program is designed to increase awareness of the breadth and depth of the current and future impacts caregiving can have on one's financial security and to provide resources to participants for securing their own later life financial situation.

Content/Description

Curriculum includes numerical examples of diminished accumulation of retirement assets, hidden out-of-pocket costs, and addresses the emotional and social costs of caregiving. Scenarios engage participants in a caregiving problem-solving activity. Resources are provided to aid participants in planning their own later life financial situation.

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