

## MANAGING A LOVED ONE'S FINANCES

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Caregivers are almost inevitably called upon to participate in the planning and management of a loved one's financial future. While no single process can help everyone work through this delicate and complicated task, there are some steps caregivers can take to reduce uncertainty and lessen the effects of a crisis.

These first three should apply in most circumstances:

- 1) Open the lines of communication.
- 2) Assess your loved one's current financial situation.
- 3) Get solid financial and legal advice.

Next, you may need to decide on the degree of assistance required in these areas:

- 4) Time and money saving measures
- 5) Shared financial decisions or duties

Finally, evaluate the level of your involvement and responsibilities by:

- 6) Examining potential liability.
- 7) Preparing for unforeseen expenses.

### 1) Open the lines of communication.

Few topics are as sensitive as personal finances, or as important. Any conversation on money matters needs to be handled with respect for your loved one's autonomy and feelings.

- l Focus on the benefits of planning. Stress that a good financial blueprint can only happen if discussions are straightforward and honest.
- l Share information or decisions about your own finances and insurance. This will help both of you get comfortable with the idea of mutual responsibility.
- l If there is an immediate concern that needs to be addressed, use "I" statements, such as "I am worried that..." or "I think a living will is a good idea." Avoid "you shoulds," which sound demanding and demeaning.
- l Point to examples of others who may have found themselves in similar situations.
- l Remember that a person's ability to conduct their own financial affairs is quite often tied to a sense of their self-worth and independence.
- l If you don't agree with your loved one's decisions, ask questions that will help them decide if the decision is best, such as "If your plan doesn't work out the way you'd like, what else might you do?" Look for and present other options to breed trust.

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### 2) Assess your loved one's current financial situation.

Caregivers tend to approach this step in one of two ways: either they are overprotective or they are too relaxed. As in most aspects of caregiving, what's most important is to help your loved one to assert as much independence and control as he or she reasonably can.

Any realistic financial assessment has to begin with an examination of important documents and records. Determine what legal documents (will, trusts, powers of attorney) have already been drafted, and do some number-crunching in the following areas:

- | Income sources such as retirement and/or disability benefits, pensions, and Social Security.
- | Financial assets including cash, all checking and savings accounts, money market funds, stocks, bonds, mutual funds, and IRAs. Keep a record of bank and brokerage names, account numbers, address and telephone numbers, and forms of ownership.
- | Real estate, including primary home, secondary home and/or investment properties. Assemble property addresses, deeds, form of ownership, and estimates of current value.
- | Other assets such as automobiles, boats, inheritance, collectibles, household items, hidden jewelry or other valuables, precious gems or coins, and loans to family members or friends. Assemble titles, form of ownership, and estimates of current value.
- | If your loved one has a life insurance policy, determine whether it includes a viatical clause. This provision allows the policy holder to sell their policy to a third party for cash.
- | Subtract liabilities and debts including mortgages, personal loans, credit cards and IOUs.
- | The **www.CaregiversLibrary.org** offers many forms, checklists, and articles that can assist you in keeping an accurate record of your loved one's financial circumstances.

Move on to an exploration of your loved one's health insurance. What types of care are paid for? What kinds are not?

- | Conduct an overview of the types of insurance coverage, as well as information about Medicare, Medigap, and Medicaid.
- | Keep your own record of each insurance company's name, the agent's address and phone number, and policy number for each of the policies your loved one holds.

### 3) Get solid legal and financial advice.

Contact bankers, lawyers, accountants, insurance agents, or financial planners that you or your loved one have dealt with in the past. Ask for their advice, and find out how they can assist you. Consider working with professionals who specialize in helping the ill or elderly.



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† **Elder Law Attorneys** regularly handle estate planning, Medicare and Medicaid issues, insurance disputes, fraud cases, and other legal affairs affecting the elderly.

† **Daily Money Managers** are professionals who pay bills, balance checkbooks, monitor insurance claims, and handle daily financial responsibilities for other people.

† **Geriatric Care Managers** are trained to help, or find help, with various tasks, including money management and housing options.

Many lawyers, financial advisors, and other professionals offer free initial consultations. For additional assistance at little or no cost, consider these services:

† Financial counseling that employers make available to workers and their families.

† State or county social services agencies.

† Private organizations, including those affiliated with certain religious groups but available to people of any faith.

† Disease-specific organizations (such as the American Cancer Society or the Alzheimer's Association) and other membership groups.

Additionally, the following government agencies should be able to furnish you with information and guidance:

† The Social Security Administration can provide an estimate of your loved one's benefits.

† The Internal Revenue Service offers information and free tax assistance to the elderly, disabled, and disadvantaged through the VITA (Volunteer Income Tax Assistance) and Tax Counseling For the Elderly programs. Contact the IRS at 1-800-829-1040 for information about these programs.

† The Veterans Administration offers benefits and medical care to veterans and their spouses.

If you are considering hiring a financial planner or broker to assist you or your loved one, review **What to Look For In A Financial Planner** at the end of this section.

#### 4) Investigate time- and money-saving measures.

Automatic payment and deposit makes bill paying easier and prevents hassles and interruptions in service. You also may be able to arrange to be notified if your loved one misses a payment.

† You can arrange for water, electric, health insurance, mortgage, and other regular commitments to be paid electronically out of your loved one's checking account.



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Many federal wage and retirement payments can now only be sent electronically, so before ruling out direct deposit, talk to the Social Security Administration, bankers, and others involved in the process to try to clear up problems or misconceptions.

### 5) Share financial duties and decisions.

No matter what level of responsibility you assume for a loved one's finances, you should share information with other family members. This will help you avoid the possibility of later recriminations or even legal difficulties.

Keep notes about significant discussions you have with family members and the actions taken as a result.

It's probably best for one person to handle the main financial duties, but some family members may be able to handle occasional banking matters and other basic errands.

Step back and make sure everyone involved respects your loved one's autonomy. He or she may be depending on your help to manage finances, but it is still crucial that your loved one have the last word.

You or someone else your loved one trusts should consider becoming a joint owner of a bank account in order to write checks or withdraw funds. Because of the possible pitfalls or complications of giving someone else access to an account, however, you and your loved one should first seek advice from a banker, attorney, or other qualified professional.

To ensure access to a safe deposit box in a crisis, your loved one can appoint a deputy or agent. Check with the bank for their procedures.

Your loved one might want to consider giving financial power of attorney to a close friend or family member. Visit [www.CaregiversLibrary.org](http://www.CaregiversLibrary.org) for more information.

### 6) Be aware of your potential liability.

If you are considering becoming a joint owner of a checking or savings account, serving as a legal representative (through a power of attorney), or becoming your loved one's trustee or guardian, you should be aware of the potential risks.

Have an attorney read over any documents and explain potential drawbacks before you sign anything.

Your loved one might need extra help to pay for medical or other expenses. Before agreeing to any loan, make sure the debt is manageable.

Determine if adding your name to another account where you also have funds will exceed the federal insurance limit. Your share in all accounts, whether individual or joint, at a particular



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financial institution would not be insured for more than the federal limit.

Remember that under the Equal Credit Opportunity Act, a creditor cannot deny or terminate a loan because of someone's age or disability.

Some banks offer special loans for the disabled to buy specially equipped vans or to make homes and businesses more accessible.

### 7) Prepare for unforeseen expenses

Family caregivers don't get paid for long-distance phone calls, travel, groceries, medications, personal care items, or other purchases. There are hidden costs to consider as well, including unpaid leave from work.

Some caregivers are able to organize and manage their loved ones' finances quite well, but neglect their own affairs in the meantime. Try to get your own finances in order before taking on additional responsibility.

[www.CaregiversLibrary.org](http://www.CaregiversLibrary.org) offers budgeting tips and forms designed for caregivers who need help organizing paperwork and finances.

*Portions of the above have been adapted from FDIC Consumer News' "Financial Caregiving: A Survival Guide," Federal Deposit Insurance Corporation, Summer '97 (August '99 update).*

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## CHOOSING A FINANCIAL PLANNER

A financial expert may be able to help you and your loved one come up with a plan to pay for necessary care. But how do you choose the right financial planner for you? Here are some questions to keep in mind:

- | How long has this individual been in practice? What types of clients does he or she typically work with? How are their situations similar to your loved one's?
- | Does this person have experience in multiple areas—insurance, taxes, investments, estate planning?
- | What kinds of qualifications/credentials does he or she have? What about professional designations or certifications?
- | What is his or her educational background? What did he or she do before becoming a financial planner?
- | What services are offered? Does the planner simply offer advice, or does he or she sell financial products as well?
- | What is his or her philosophy when it comes to investing? Will this person carry out recommendations or refer you to someone else (attorneys, tax agents, insurance specialists)?
- | Who else will work with you and your loved one? How many clients does the planner have? How many employees?
- | How is the planner paid? By the hour? A flat fee for services? On commission? Ask for this in writing.
- | Ask for a cost estimate, based on your loved one's situation and what is required. How much do these services typically cost? How long will the process take?
- | Will you be able to put the plan into effect without retaining the planner's ongoing services?
- | How does the planner keep up with changes in tax laws?
- | What companies also stand to benefit from the planner's recommendations? Is this individual "tied" to certain groups or financial products?
- | Ask for a sample plan for another client facing some of the same issues.
- | What does the planner want to know about your loved one's situation? How specific are his or her questions? What do they recommend?



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Which organizations regulate the planner? (These might include the Association of Securities Dealers (NASD), state insurance and securities departments, and the Certified Financial Planner's Board.) Has this person ever been disciplined?

### Two Ways To Get In-Depth Caregiving Information At [www.CaregivingMinistries.org](http://www.CaregivingMinistries.org) [www.CaregiversLibrary.org](http://www.CaregiversLibrary.org)

- Browse our library containing over 2,500 pages of articles on all aspects of family caregiving, and congregational and organizational Caregiving Ministries.

Caregiving Ministries and the National Caregivers Library have easy to use tools and resources to create a personalized caregiving action plan based on your specific situation. Use our tools and resources to save time and aggravation by rapidly gathering key information—what to do and when to do it—tailored to your individual needs.