

Financial Capacity for People with Dementia and Their Caregivers

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Women's Institute for a Secure Retirement



Part of the National Alzheimer's and Dementia Resource Center webinar series sponsored by the Administration for Community Living.

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ABOUT WISER

- Nonprofit founded in 1996
- Provide women with basic financial information aimed at helping them take financial control of their lives
- Help educators and policymakers understand barriers that prevent women's adequate participation in the nation's retirement systems
- Bring together key stakeholders to work towards solutions that improve women's retirement outcomes.

NATIONAL RESOURCE CENTER ON WOMEN AND RETIREMENT PLANNING

- WISER operates in partnership with the Administration on Aging (AoA)
- “One-Stop Gateway” to provide basic retirement information and resources
- Partners include a diverse group of organizations working with older adults, low-income women, women of color, and women with limited English-speaking proficiency.

Visit the Center at www.wiserwomen.org/

WHAT DOES THE CENTER DO?

- A **clearinghouse and technical assistance center** for retirement information tailored specifically for women.
- The Center offers:
 - Workshops and presentations – you can become a presenter!
 - Workshop toolkits for leaders
 - Train-the-trainer model programs and webinars
 - Forums and events to engage advocates, leaders, and policymakers
 - Publications: newsletters, fact sheets, worksheets, resource guides, and special reports

THIS SESSION WILL COVER BUILDING FINANCIAL CAPACITY

- The Cost of Care
- Healthcare programs for Older Adults –what they cover
 - Medicare,
 - Special Needs Plans (SNPs)
 - Medicaid
- Financial Capacity Opportunities
 - Reverse Mortgages
 - Immediate Annuities

THIS SESSION WILL COVER (CONT.)

- Legal and Financial Documents for Families and Caregivers
- End-of-life Planning
- Caregivers
 - Who they are
 - The financial impact of caregiving
 - Money mistakes caregivers make
 - Financial Steps to Ensure the Caregiver's Wellbeing

AVERAGE COST OF CARE

- **Average total cost for:**
 - **dementia (\$287,038)**
 - **heart disease (\$175,136)**
 - **cancer (\$173,383) or**
 - **other causes (\$197,286).**
- **Average out-of-pocket spending for patients:**
 - **with dementia (\$61,522)**
 - **without dementia (\$34,068);** a similar pattern held for informal care.
- **Many expenses are not covered by insurance**

COST OF DEMENTIA CARE

- **Medications**
 - \$177 - \$400 per month
- **Adult Day-Care Center**
 - National median (2018) monthly cost **\$1,560**.
- **Nursing Home** (Daily costs vary by state)
 - National median monthly cost for a shared room in a Skilled Nursing Facility (2018) was **\$7,441**.
- **Senior Living/Assisted Living Residences** (Memory Care Residence) (Costs vary by state)
 - National median monthly cost (2018) was **\$4,000** (potential additional cost for dementia care)
- <https://www.payingforseniorcare.com/alzheimers/financial-assistance.html>

COST OF DEMENTIA CARE (CONT.)

- **At Home Care** (Can vary state-by-state)
 - **National average (2016)**
 - **Homemaker Services \$20 per hour.**
 - **Home Health Aide \$20.50 per hour.**
 - **National median (2018)**
 - **Homemaker Services \$4,004 per month**
 - **Home Health Aide \$4,195 per month**
- **Unpaid Care**
 - **Family caregivers spend roughly \$7,000 in out-of-pocket costs each year**

WHAT MEDICARE DOES AND DOES NOT COVER

- Medicare does not cover custodial long-term, nursing home care
- Medicare covers:
 - up to 100 days in a skilled nursing home (SNF) after a qualifying hospital stay
 - an individual's medical care while the individual is living in the SNF.
 - home health services for up to 60 days at a time if: the individual is homebound and requires physical, occupational or speech therapy or intermittent nursing care.
- A Medicare-enrolled physician must certify the necessity of services.

SPECIAL NEEDS PLANS (SNPs)

- **SNPs are a kind of Medicare Advantage Plan**
- **SNPs are available for individuals with dementia.** They provide all the care that Medicare Advantage plans are required to provide as well as extra services tailored for people who have dementia so they can stay in their homes longer.
- **To qualify for an SNP, the individual must:**
 - Be 65 or older and a U.S. citizen or legal resident for 5 years;
 - Have Medicare Parts A (Hospital) and B (Medical Insurance);
 - Live in the plan's service area (SNPs may not be available in all parts of the country);
 - Meet the plan's eligibility requirement for a severe or disabling chronic condition such as Alzheimer's or other dementias.

POTENTIAL SUPPLEMENTAL BENEFITS COVERED BY A SNP

- **Modifications for home safety** such as bathroom grab bars.
- **Non-Medical Home Care** such as a professional who helps with bathing, or a homemaker, who prepares meals.
- **Adult Day Care** that provides a safe environment with counseling, meals, activities, and behavior management.
- **Memory Care/Assisted Living** an assisted living community that emphasizes helping persons with advanced Alzheimer's or dementia.

MEDICAID COVERAGE

- Medicaid is a joint federal and state program that finances health care services for people with low income.
- In most states, those who qualify for Supplemental Security Income (SSI) are eligible for Medicaid. SSI benefits are approximately 75% of poverty.
- States have the option to provide Medicaid to those 65+ and people with disabilities with income up to 100% of poverty.

MEDICAID COVERAGE (CONT.)

- In some states, people with chronic illness or disability who require certain **long-term services and supports (LTSS)** but have incomes and assets above the Medicaid limits **can qualify to receive LTSS.**
- LTSS are designed for the **individual who requires a level of care equivalent to that received in a nursing facility.**
- These services can be provided in the home, in the community, or in a facility.
- Note: Eligibility is determined by assessing health conditions and functional needs of applicants.

FINANCIAL PRODUCT OPTIONS

REVERSE MORTGAGES

- **Homeowners age 62 and over may borrow against the equity value in their homes.**
 - Reverse Mortgage gives the homeowner a **loan** based on age and equity as a line of credit, a lump sum, or monthly payments.
 - Homeowner does not need to repay a reverse mortgage **if he/she lives in the home.**
 - **The loan is repaid when the owner sells the home or dies.**
 - **Not for everyone.** If an individual does not want to stay in his or her home long-term, it may not make sense. HUD loans require counseling.
 - Seniors considering a reverse mortgage should **look for a reputable lender and be sure to understand the terms of the loan.** Not all lenders or brokers are reputable.

FINANCIAL PRODUCT OPTIONS

IMMEDIATE ANNUITIES

- The goal is to provide a **steady stream of income during retirement.**
- An annuity **can be purchased from an insurance company for a lump sum** and can guarantee a regular monthly payment for the rest of the purchaser's life.
- An annuity **transfers the job of managing assets to the insurance company, so payments are received for the rest of a person's life.**

FINANCIAL PRODUCT OPTIONS

IMMEDIATE ANNUITIES (CONT.)

- **Immediate Annuities may be right if:**
 - Retirement expenses are not covered by a monthly retirement check and Social Security benefits.
 - If there's expectation of living a long life (individual in good health), an immediate annuity can be a good choice.
 - If the opposite is the case, the individual may want to manage the lump sum.

For more information: “Making Your Money Last Through Your Retirement - Immediate Annuities” Information from WISER and The Actuarial Foundation

LEGAL AGREEMENTS FOR FAMILIES AND CAREGIVERS

“Personal Care Agreements” – are:

formal contracts that help manage caregiving. They can be used whether or not the caregiver is a family member.

Personal Care Agreements:

- Help avoid family conflicts about who will provide care and how much they will be paid
- Make the type of care/services and payment clear for the caregiver, the recipient, and for other family members
- For more information from WISER: *Financial Steps for Caregivers.*

PERSONAL CARE AGREEMENTS SHOULD INCLUDE

- Date care begins
- Detailed description of services
- How often services will be provided
- How much and when the caregiver will be compensated
- How long the agreement is in effect
- Location where services will be provided
- A statement that the terms of the agreement can be modified by mutual agreement (in writing) of the parties involved
- Signatures by the parties and date agreement was signed
- For more information see: <https://www.caring.com/>

LEGAL DOCUMENTS FOR THE FINANCIAL CAREGIVER

- **Advanced Care Directive** (living will) makes clear healthcare and life support wishes.
- **Durable Power of Attorney for Health Care** (healthcare proxy) designates a trusted individual to make **health care decisions** when the cared for individual is no longer able to.
- **Durable Power of Attorney for Finances** gives authority to a trusted individual to make financial decisions on behalf of the cared for. This document **allows the chosen person to handle any financial transaction.**

LEGAL DOCUMENTS FOR THE FINANCIAL CAREGIVER (CONT.)

- **Living Trust** allows a trusted person named by the cared for to transfer ownership or title of their assets into a trust. The cared for individual designates who shall receive the assets when they die but keeps control of those assets throughout their lifetime.
- **Last Will and Testament** provides final directions for who will receive the cared for individual's assets when he or she dies. The will also identifies an executor to carry out the will's directions.

FINANCIAL DOCUMENTS AND ACCOUNT NUMBERS FOR THE FINANCIAL CAREGIVER

- **Usernames and passwords for all online accounts**
- Bank accounts, investment statements
- Credit card statements
- Monthly bills (utilities, rent/mortgage)
- Loans and other debts
- Social Security, Medicare/Medicaid information
- Pension, 401k, and annuity documents
- Insurance policies (life, health, long-term care, medigap...)
- Tax returns
- Vehicle titles
- Property deeds
- Birth certificates, marriage license(s), divorce decree

FILIAL RESPONSIBILITY LAWS

- Adult children may be forced to pay for their parents under “**filial responsibility**” laws. (Varies by state)
- **30 states** have laws that obligate adult children to care for parents.
- Recommendations
 - **Develop a family strategy.** Families need to get involved early and work with elderly parents to understand their finances as well as the availability and costs of long-term services and support in their community.
 - **Find out individual state laws.**

PROFESSIONAL ASSISTANCE FINANCIAL PLANNERS

- **Recommendations for Finding a Financial Planner**
 - **Interview 2 or 3 planners**—look for a planner who talks about risk and asks about comfort level.
 - **Ask how they make their money**
 - A salary for the services they provide
 - a flat fee or hourly rate to develop a plan
 - a commission for the products they sell, or
 - a percentage of the value of assets they manage for you.
 - **Ask the planner to explain his or her fees.**
 - **Get it in writing**
 - **Check Their References Before Making a Commitment.**

For more information see: WISER’s “Financial Planner Alert” at:
<https://www.wiserwomen.org/images/imagefiles/financial-planners-alert-2015.pdf>

END OF LIFE PLANNING PEACE OF MIND FOR ALL CONCERNED

- **Make sure legal and financial documents are in place**
 - Advance directives for care
 - Durable Power of Attorney for Health Care
 - Durable Power of Attorney for Finances
 - Last Will and Testament and/or Living Trust

See slides 20, 21 and 22 for further information and WISER'S "Documents Checklist for End of Life Planning" at WISERWOMEN.org

END OF LIFE PLANNING

PEACE OF MIND FOR ALL CONCERNED (CONT.)

- **Questions for family and the care recipient to consider**
 - Where do I want to die? (At home or in a hospital or medical facility.)
 - What kind of medical treatment do I want?
 - Who do I want to take care of me?
 - What kind of funeral service do I want? Do I care about open or closed casket, cremation, or donation of my body to science.
 - Where do I want to be buried? Do I have a plot?

WHO ARE THE CAREGIVERS?

- **43.5 million adults** provide unpaid care
- **60%** are women
- Nearly **50%** spend more than **8 hours each week** providing care
- More than **20%** spend more than **40 hours each week** providing care

THE FINANCIAL IMPACT OF BEING A CAREGIVER

- **60%** of caregivers report making adjustments to their work (cut hours, take leave, receive warnings at work).
- Caregivers pay an estimate of **\$7,000** annually in out-of-pocket costs for caregiving.
- Caregivers lose **\$303,880** in wages, Social Security benefits, and private pensions over their lifetime
 - See: WISER's "Financial Steps for Caregivers: What You Need to Know About Protecting Your Money and Retirement."

MONEY MISTAKES CAREGIVERS MAKE

- Not making their own finances a priority.
- Paying for the cared for person's everyday expenses, such as purchases at the grocery and drugstore.
- Trying to pay for everything when they really can't afford it.
- Not realizing they may end up living on their own some day and need to pay for care.
- Saving less for retirement because they are helping everyone else (saving first for children or grandchildren's education.)

FINANCIAL STEPS TO ENSURE CAREGIVERS WELLBEING

- Caregivers must:
 - **Think carefully** about potential consequences of leaving a full-time job or working part time: **reduced income, loss of health insurance, and future benefits.**
 - **Access other resources.** Don't be solely responsible for providing care.
 - **Ask for help** – set up family care agreements.
 - **Make a plan** for managing money and saving for retirement.
 - **Plan for retirement needs**—income, healthcare, housing....

Thank You!

For more information visit our website

www.wiserwomen.org/

And visit the following resources.

WISER RESOURCES AVAILABLE AT WISERWOMEN.ORG

- *Financial Steps for Caregivers: What You Need to Know About Protecting Your Money and Retirement.* (Prepared by the National Resource Center on Women and Retirement Planning.)
- *Making Your Money Last Through Your Retirement - Immediate Annuities.* (Information from WISER and The Actuarial Foundation.)
- *Reverse Mortgage Scams (Prepared by WISER/NAPSA: Just The Facts Senior Financial Abuse.)*
- *Documents Checklist for End of Life Planning*
- *Financial Planner Alert*
- *Annuities: Why You Need to Know How They Work*

RESOURCES FOR HEALTHCARE HELP AND INFORMATION

- Call **1-800-MEDICARE** or visit [Medicare.gov](https://www.Medicare.gov) for information on how to find a plan and get help paying for it.
- **“Extra Help,”** a Medicare program, helps low-income seniors pay for Medicare prescription drug premiums, deductibles and co-insurance. Apply at <https://secure.ssa.gov/i1020/start>
- **Medicare Rights Center** national helpline **1-800-333-4114**
 - Helps with understanding Medicare benefits, finding the right coverage, and understanding existing coverage. It also screens callers for potential eligibility in additional programs that can help pay the costs of Medicare.
- **State Health Insurance Program (SHIP)** offers educational resources, counseling, and assistance to people and their families with Medicare. To contact the program in your state go to <https://www.shiptacenter.org/>

RESOURCES FOR ELDERCARE HELP AND INFORMATION

- The nationwide **Eldercare Locator** sponsored by the **Administration on Aging** will connect you with trusted local services. <https://eldercare.acl.gov/Public/Index.aspx> or 1-800-677-1116
- To find lawyers who specialize in elder care, contact
 - **National Academy of Elder Law Attorneys**, naela.org.
 - For more information about personal care agreements visit the **Family Caregiver Alliance** at: <https://www.caregiver.org/>
- If you are considering creating a personal care agreement without using a lawyer, it may be helpful to look at the **Elder Care Agreement** (Form 85) in the book **101 Law Forms for Personal Use** by Ralph Warner and Robin Leonard

RESOURCES FOR MANAGING SOMEONE ELSE'S MONEY

- This Series, developed by the Consumer Financial Protection Bureau (CFPB) Office of Older Americans:
 - Helps financial caregivers carry out their duties and responsibilities & protect care recipient from scams and fraud.
 - Comprises guides for people in four different fiduciary roles: 1) *agents under powers of attorney*, 2) *court-appointed guardians*, 3) *trustees*, and 4) *government fiduciaries*
 - Each guide includes a “where to go for help” section and a list of resources.
- The guides are available online at:
<https://www.consumerfinance.gov/consumer-tools/managing-someone-elses-money/>
- Free copies of the guides can be ordered from CFPB.

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