

As life expectancy increases, so does your potential cost of eldercare.



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A large graphic at the bottom of the page with a blue-tinted background. It shows a hand holding a silver chess piece (a king) over a chessboard. In the background, there are stacks of US dollar bills. The text "INVESTMENT Strategy NEWSLETTER" is overlaid on the left side of the graphic.

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Financial News You Can Use



FINANCIAL NEWS YOU CAN USE

The Cost of Eldercare

Caring for elderly parents can cost you financially, emotionally and even physically.

The sad reality of aging loved ones declining mentally and/or physically is often stressful and overwhelming for millions of Americans. For those experiencing this scenario, sadness often follows, with 91% reporting depression.¹ In addition to the emotional burden, becoming the parent of a parent can also bring a physical toll.

Caregivers report chronic conditions, such as high blood pressure, at nearly twice the rate of other Americans. The pressures of today's fragmented families also weigh heavily in the mix, with single moms and dads increasingly caring for an aging parent while trying to hold down a day job. For most, that leaves little time for themselves or any chance of having a social life of their own. On top of it all, when regular income isn't enough, many are forced to tap into their retirement accounts just to pay the bills.

Even when aging parents have the funds to cover their expenses, many fall prey to mistakes and outright fraud. According to the U.S. Office of Community Oriented Policing Services in 2008, consumer fraud estimates show that between 20% and 60% of adults report being a victim of fraud or attempted fraud.² Older Americans tend to be better targets for scams because they



have accumulated a lifetime of assets, and more often than not, they have the spare time to attend seminars and listen to pitches. The problem then cascades down to their adult children who not only must spend time trying to recover lost funds, but also supporting their parents who no longer have the money to care for their own financial needs.

As your parents age, making sure you have legal authority to act swiftly in case of an emergency is imperative. You should consider a durable power of attorney authorizing you to make financial decisions on their behalf, as well as the creation of a living will. Also, explore options for long-term care insurance. Bills for a nursing home or extended home care can easily reach six figures per year. But don't forget to take care of yourself.

If you are fortunate enough to have these conversations while your parents are still healthy, you will have a greater range of options. For example, you may want to consider making alterations to their living space, whether at your home or theirs. Small things, like adding handrails in the bathroom or replacing stairs with ramps, can really make a difference. When it comes to paying for the care of an elder, it's important to have a handle on where the financing will come from. Seek assistance from social services and an attorney who specializes in care for the elderly. If you are in a situation where you tap your own or a family member's assets to pay for elder care costs, it's important to think about the order in which you are removing funds. Generally speaking, you'll want to start with withdrawals from taxable accounts first so that tax-deferred accounts can continue to grow. As much as we all want to be there for our parents, it's imperative that we are diligent with money and don't put our own retirement goals on the back burner.

There are a host of options and considerations to explore when planning for the cost of elder care and those nuances are best left between you and an advisor. The sooner you create a sound financial plan, the better it can be for your own health.

¹ Articlesbase, "I Just Can't Do it Anymore: Depression Associated with Caring for Elderly Parents," January 16, 2009

² U.S. Office of Community Orientation Policing Services, "Financial Crimes Against the Elderly," April 30, 2008

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