

ElderCare

CHOICES AND DECISIONS

Planning for Financial Costs of Caregiving

Caregiving scenario

Linda is 50 years old and provides care to her 75-year-old mother, Rosa. Linda is divorced, works full time outside the home and has two children in college. Her mother's Social Security check and limited assets do not always cover the expenses of living in her own home.

Linda is often in a financial bind because her own limited resources do not stretch far enough to cover her expenses and those of her mother and children.

Caring for an older person

The U.S. population is aging. With advantages of living longer, come increased demands on families to help a growing number of older people who can no longer manage alone.

If you have an older family member, sooner or later you or another family member may be called on to provide assistance as a caregiver. The opening scenario may not correspond exactly to your situation, but you may find yourself in a similar one.

Few of us are prepared for the financial responsibility of caring for an older person. As a caregiver, planning together with the older adult and other family members is critical. Mistakes can be costly.

Anticipating costs

If possible, study your financial options and make decisions in advance to avoid a crisis. Planning allows you to take actions that make wise use of family resources as well as available programs.

If the older person does not have adequate resources, you and other family members will need to determine how to manage expenses. Various benefit programs are available for older people. Some programs are designed to supplement income or provide services.

Start by listing all possible expenses in the *Estimating Caregiving Expenses Worksheet* on page 3. Following are examples of some other expenses you or the person receiving care may incur:

- Travel related to providing assistance
- Long-distance telephone calls
- Medical expenses, including medications, above what health insurance, Medicare and Medical Assistance (Medicaid) will pay

(continued next page)

- Homemaker or house cleaning services
- Personal care services such as bathing
- Special clothing, including disposable absorbent pads, shields or undergarments
- Adult day care or respite care
- Home care, or adaptations that enable the person to remain at home
- Alternatives to home living arrangements

Which of these expenses have family members already incurred? To determine total expenses, gather receipts and check stubs from the past several months. If receipts are not available, you may have to estimate expenses such as transportation. For help estimating future expenses, call the agencies, facilities and service providers (see *Local resources* on page 9).

How will expenses be paid?

When you have calculated expenses, family members and the older adult will need to determine how these expenses will be paid. The costs of medical treatment, personal care, services and nursing care can be financially devastating for many families.

Planning for how to handle caregiving expenses will require open and honest communication among family members. Include all family members in these discussions. You may need more than one family meeting to discuss all issues.

If you feel uncomfortable with some family members or if everyone does not get along, you may want to ask someone unrelated to the family to attend and help guide discussions.

This third party could be a county or tribal social worker or case manager, a spiritual advisor or a person with experience leading a group (facilitator). Sometimes there is a fee for this assistance.

At this point, you need to gather additional information. First, add up the older person's **income** — Social Security, pensions, interest, dividends, net rents (deduct costs such as taxes and upkeep) and other income. This will be helpful because some programs require income information. Then determine the older adult's **net worth**. If possible, work with the older person to complete the *Net Worth Worksheet* on pages 4-7.

Next, explore what benefits — public and private — are available to the older adult. Public benefits available from government agencies include:

- Supplemental Security Income (SSI)
- Community Options Program (COP)
- Medicare — medical care for eligible disabled or older adults
- Medical Assistance — the Wisconsin form of Medicaid, medical aid for those of any age who cannot otherwise afford it

Each of these programs has specific income, disability and/or age requirements (see *Local resources*, page 9). Private benefits include insurance.

Estimating Caregiving Expenses Worksheet

| Item | Monthly cost |
|--------------------------------|---------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| Total monthly expenses: | \$ |

Net Worth Worksheet

Date: _____

A. ASSETS — List everything you own that has cash value.

1. LIQUID ASSETS

a. **Cash, checking** — Money on hand \$ _____

Include cash at home, today's checking account balance(s).

Bank Name _____

Account Number _____

Amount _____

b. **Savings accounts** \$ _____

Include today's savings account, passbook account, and/or "emergency" funds.

Bank Name _____

Account Number _____

Amount _____

c. **Certificates of deposit (CDs), treasury bills, money market accounts** \$ _____

List funds deposited in time deposits for a specified period of time.

Bank Name _____

Account Number _____

Amount _____

d. **Cash value life insurance** \$ _____

Include the cash value, equity, investment built up in each life insurance policy; NOT the face value.

Company Name _____

Policy Number _____

Cash Value _____

TOTAL LIQUID ASSETS \$ _____

2. EQUITY ASSETS —

Include current market value of U.S. Savings Bonds, Treasury Bonds, other money market and stock market equity investments.

- a. **Stocks** \$ _____
- b. **Bonds** \$ _____
- c. **Other securities** \$ _____

TOTAL EQUITY ASSETS \$ _____

3. TAX SHELTERED/TAX DEFERRED

- a. **Income from employer's or personal pension plans, profit sharing plans** \$ _____

These are only an asset if you can convert them to cash, and receive income from them.

Pension Plan _____
Account Number _____
Amount _____

- b. **IRA — Individual Retirement Account balance** \$ _____
- c. **Other — Tax Sheltered Annuities (TSA) or other annuities** . . . \$ _____

TOTAL TAX SHELTERED/TAX DEFERRED \$ _____

4. NON-INCOME EARNING

- a. **Home** — \$ _____

To estimate current market value, you might contact a local real estate agent or hire a professional appraiser.

- b. **Car(s)** — \$ _____

Vehicle dealers and some libraries carry special price books such as the older car Red Book and the Official Wisconsin Automobile Valuation Guide ("Blue Book"); some dealers and financial institutions may help you estimate value.

- c. **Other vehicles** — \$ _____

Trucks, trailers, motorcycles, campers, boats, airplanes

- d. **Personal Property** — \$ _____

Home furnishings, household goods, appliances, hobby-sports equipment, art, antiques, collections, furs, jewelry, trade/professional tools and equipment, livestock, pedigreed pets for show or breeding, etc.

TOTAL NON-INCOME EARNING \$ _____

PLANNING FOR FINANCIAL COSTS OF CAREGIVING

5. Other — May include:

- a. **Accounts or Notes Receivable** — \$ _____
List money owed to you for goods or services,
or documented by promissory notes.
- b. **Rebates or Refunds** — \$ _____
Refundable deposits, sales or tax refunds, rebates
- c. **Trusts, Patents or Memberships** \$ _____
- d. **Other — Include nonresidential real estate.** \$ _____

TOTAL OTHER \$ _____

Add totals, pages 4-6 to get **A: TOTAL ASSETS \$** _____

B. DEBTS/LIABILITIES — List what you owe in debts.

1. SHORT-TERM DEBT

- a. **Car 1** \$ _____
- b. **Car 2** \$ _____
- c. **Other Vehicle(s)** \$ _____
- d. **Credit Card(s)** — Check current monthly statement(s). . . . \$ _____

Credit Card _____

Account Number _____

Amount _____

Credit Card _____

Account Number _____

Amount _____

- e. **Total Installment Debt** — \$ _____

Check contracts by the number of months remaining on
the contracts.

- f. **Other Loans** — \$ _____

List loans less than 5 years in length from friends or family,
also doctor bills, service bills.

- g. **Other Liabilities** — List any court-ordered judgments of . . . \$ _____

payments, lawsuit settlements, past due
accounts and taxes due (federal, state or
property, Social Security).

TOTAL SHORT-TERM DEBT \$ _____

2. LONG-TERM DEBT

a. Home mortgage(s) — \$ _____

Check the current period statement from the financial institution.

b. Other mortgage(s) \$ _____

c. Other loans — List any more than 5 years in length. \$ _____

TOTAL LONG-TERM DEBT \$ _____

3. CONTINGENT LIABILITIES

a. Debts you have cosigned \$ _____

b. Suit pending against you \$ _____

c. Other contingent liabilities \$ _____

TOTAL CONTINGENT LIABILITIES \$ _____

Add totals, pages 6-7A, to get

B: TOTAL DEBT/LIABILITIES \$ _____

NET WORTH: Subtract total debts/liabilities from total assets to get net worth.

TOTAL ASSETS Total Section A (from page 6) \$ _____

TOTAL DEBT/LIABILITIES Total Section B (from above) (minus) - \$ _____

NET WORTH \$ _____

Planning together as a family

Returning to the opening scenario...

Linda arranged a meeting with her mother Rosa, two children, sister and brother-in-law.

The family determined Rosa's income and net worth, discussed the cost of providing care, and examined the cost and eligibility requirements of various public services.

The family met again, and over time selected a variety of services that enabled Rosa to remain in her own home.

Locating community services

Help for caregivers is available in most communities. Some services are free, some low-cost, and some are covered by Medicare, Medical Assistance or insurance.

Information on how to identify and contact these resources is usually available from your county or tribal aging unit — commission or council on aging, or aging programs or department (see *Red tape cutters*, and “Aging” under county or tribal government in your telephone directory).

Other resources include county or tribal social or human service agencies and senior centers. Each community has different services available to help you. It is important that you become familiar with these services, their eligibility requirements and costs **before** you need to use them (see *Local resources*, page 9).

You can find more information on specific services in *Elder Care Choices and Decisions: Locating Community Resources* B3603-2, available from your county UW-Extension office or the address on the back of this issue.

Red tape cutters — Benefit specialists

A benefit specialist is trained and available to help people 60 years of age or older who are having problems with public or private benefits. Benefit specialists are experts at helping older people and their families with the extensive and complicated paper work often required in benefit programs.

Benefit specialists help older people figure out what benefits they are entitled to, and what they must do to receive them.

For example, the Medicare Helper Program available in some counties can help families organize paper work and set up a personalized system for handling Medicare and insurance paper work. Information is also available on processing doctor or clinic bills and submitting supplemental insurance claims.

To locate the benefit specialist in your area, contact your county or tribal aging unit (see “Aging” under county or tribal government in your telephone directory).

Local resources

Aging Unit of County or Tribal Government —

Commission or Council on Aging, Aging Programs or Department (see “Aging” under county or tribal government listings in your telephone directory).

Provides resources, service coordination and assistance to families. Services include meal programs and dietary counseling, information and referral, and supportive services such as transportation and household or yard volunteer help. Benefit specialists are trained and available to help older people process medical bills, submit supplemental insurance claims, and determine what benefits they are entitled to and how to get them.

Alzheimer’s Association (listed in the white pages of your telephone directory).

Provides information, support and assistance for families coping with Alzheimer’s disease. Contact the chapter serving your area or:

Wisconsin Alzheimer’s Information and Training Center

(800) 922-2413 — **Caregiver Hotline**

Medigap Helpline

Toll-free hotline to help Medicare beneficiaries make wise insurance decisions, provided by the Wisconsin Board on Aging and Long-Term Care, 214 N. Hamilton, Madison, WI 53703. You can get information on spousal impoverishment and long-term care, or speak with a Medigap counselor or long-term care ombudsman. Counselors can help caregivers evaluate Medicare supplemental insurance and clarify other related and sometimes confusing issues. They do not handle claims issues.

(800) 242-1060 — **Medigap Helpline**

In Madison: 266-8944

Social Security Office (listed under U.S. government in your telephone directory).

Administers Social Security programs including Supplemental Security Income (SSI), which ensures that eligible people 65 or older — or blind or disabled people of any age — with very limited assets receive a basic cash income each month. SSI also carries automatic eligibility for Medical Assistance (see Social Services below). A person applying on the basis of disability must meet Social Security standards for permanent and total disability.

Social Services or (Health and) Human Services Department (listed under county or tribal government in your telephone directory).

Provides many services and resources, such as the Alzheimer’s Family and Caregiver Support Program, Community Options Program, Food Stamps or Medical Assistance (the Wisconsin version of Medicaid) for those eligible. If the older person needs long-term care, ask for a Community Options Assessment.

University of Wisconsin-Extension County Office

(listed under county government in your telephone directory).

Provides educational information and programs on aging, advance directives, estate planning, financial management, health, housing, nutrition and more. For example, ElderNet — Housing Information Service is both a publication series (B3599) and free data base of housing options for older people in each Wisconsin county.

Elder Care Choices and Decisions is a publication series available from UW-Extension:

- *Planning for Financial Costs of Caregiving* B3603-1
- *Locating Community Resources* B3603-2
- *Considering Housing Options* B3603-3
- *Maintaining Nutrition for the Older Adult* B3603-4
- *Food Safety Reminders* (mini-poster) B3603-4P (also enclosed with B3603-4)
- *Caring for the Caregiver* B3603-5
- *Understanding Alzheimer's Disease* B3603-6

These resources are updated electronically.

If you have access to Internet e-mail, send a one-line message to:

almanac@wisplan.uwex.edu

Leave the subject line blank. For the text of the message, write:

send elder catalog

You will receive information and instructions as a mail message. For additions or corrections, send a message to:

mary.brintnall-peterson@wisplan.uwex.edu

Information about support and services is available from many sources, a few of which are listed in this booklet as a convenience to readers. This is not an endorsement by University of Wisconsin-Extension, nor is it exhaustive. Some programs have specific income, disability and/or age requirements. Prices and availability are subject to change.

PLANNING FOR FINANCIAL COSTS OF CAREGIVING

This material is based on work funded by a University of Wisconsin-Extension Cooperative Extension Innovative Grant.

Authors: Judith A. Knudsen, Brown County UW-Extension family living agent; Faden Fulleylove-Krause, Calumet County UW-Extension family living agent; Mary Brintnall-Peterson, program specialist in aging, UW-Extension. The authors thank users of earlier versions whose feedback and requests for the material made the project possible.

Reviewers: Karen P. Goebel, professor of consumer science, UW-Madison, and family consumer economics specialist, UW-Extension; Doreen Higgins, medical social worker, St. Vincent Home Health Care, Green Bay; Betty Kramer, assistant professor, School of Social Work, UW-Madison; Dr. Mark Sager, M.D., Geriatrics, Veterans Administration Hospital and UW Hospital & Clinics; Glenn Silverberg, Bureau on Aging, Division of Community Services, Wisconsin Department of Health and Social Services.

Produced by Cooperative Extension Publications, UW-Extension: Rhonda Lee, editor.

University of Wisconsin-Extension, Cooperative Extension, in cooperation with the U.S. Department of Agriculture and Wisconsin counties, publishes this information to further the purpose of the May 8 and June 30, 1914, Acts of Congress. UW-Extension provides equal opportunities and affirmative action in employment and programming, including Title IX requirements. If you need this material in an alternative format — large print, braille, audio tape or computer disk — contact Cooperative Extension Publications, (608) 262-8076.

This publication is available from your Wisconsin county UW-Extension office or: Cooperative Extension Publications, 30 N. Murray St., Room 245, Madison, WI 53715, (608) 262-3346 (voice & TDD).

**B3603-1 Elder Care Choices and Decisions:
Planning for Financial Costs of Caregiving (1995)**

I-6-95-5M-80-E