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Caring for an elderly loved one can take a financial toll

By PAMELA YIP — The Dallas Morning News

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DALLAS — It's a duty that many of us will eventually assume - that of caregiver of an elderly loved one.

Apart from the emotional demands, there's also a financial cost caregivers must contend with - and should prepare for in advance.

"You need to throw out the anchor before the storm hits, because once the storm hits, it's too late," said Brian Fant, a Dallas elder-law attorney. "What usually happens is people wait until they absolutely are forced into being a caregiver before they even consider what preparation would be helpful."

There are 65.7 million caregivers, making up 29 percent of the U.S. adult population, according to the National Alliance for Caregiving. The numbers are expected to grow because of longer life expectancies.

Caregivers, on average, spend more than $5,500 per year in out-of-pocket expenses, said Sandra Timmerman, director of the MetLife Mature Market Institute. Long-distance caregivers shell out more than $8,700 per year for incidentals such as transportation, food and supplies, she said.

As a result, more than half of those surveyed online in November by Caring.com, a caregiving website, are concerned about the impact of caregiving on their savings.

The demands of caregiving can also affect a caregiver's plan for working and retirement.

"Many times, when the caregiving becomes more intense, the caregivers feel it's better to go to part-time work or drop out of work altogether," Timmerman said.

That's what happened to Marilyn Herrin, who retired from her job in human resources in Virginia four years ago and returned to Texas to care for her 96-year-old mother, Mary, and her 74-year-old brother, Bob.

"I was not ready to retire, with this economy the way it is," said Herrin, 68. But economics forced her to.

Before retiring, Herrin would usually come to Texas two times a year, but that eventually became three and four times.

"The costs were getting so cumbersome," she said. "It was horrible. Physically, it was getting draining for me."

Now, Herrin lives in Mesquite on an annuity from a pension and Social Security benefits, and makes regular trips to care for her mother in Dallas and her brother in Garland.

Her mother, who has severe rheumatoid arthritis and macular degeneration, is in rehabilitation to strengthen her legs so she can return home. Her brother has chronic obstructive pulmonary disease and is bipolar.

Experts advise that you think long and hard before retiring to become a caregiver.

"People have to think about it because it cuts back their own lifetime wealth," Timmerman said. "They would lose their wages that they've been building up and accumulating."

Workers also lose their employer's matching contribution to their 401(k), and "some leave before they're even vested, and they don't really think about the ramifications," she said.

HAVE 'THE TALK': Talk to your parents about their current assets and income, debt and spending, the percentage of their assets that are liquid, and their plans for covering medical and long-term care needs.

Have this conversation while your parents are still healthy and able to handle their own affairs.

Try broaching the topic indirectly by talking about your own finances or those of someone you know.

You want your parents to understand that you're doing this not out of greed, but out of concern and a desire to be prepared if something were to happen to them. You want to plan with them, so you need to know what financial resources they have that you could tap to meet their needs.

ESTATE PLANNING: Make sure you have the proper estate planning documents prepared. Particularly important is the financial power of attorney that your parents would sign, giving you the power to handle their financial affairs if they become incapacitated.

"It doesn't remove the parents' right to make financial decisions," Fant said. "It allows their children to come alongside of them and make financial decisions."

Talk to your parents' bank and see if it has a specific form for financial power of attorney.

"Sometimes they will have their own form, but a bank is obligated to recognize the notarized power of attorney," Fant said.

KNOW WHAT'S COVERED: Know what Medicare and Medicaid will and won't cover when it comes to caregiving.

Generally, Medicare doesn't pay for long-term care. It pays only for a medically necessary skilled nursing facility or home health care, if you meet certain conditions.

Most long-term care assists people with activities of daily living, such as dressing, bathing and using the bathroom. Medicare doesn't pay for this so-called custodial care.

Herrin's mother has a home health aide who comes daily to bathe her and do light housekeeping, and a nurse who comes weekly to take her blood pressure and prepare her medications. Both services are paid for out of her mother's own funds.

Medicare is paying 100 percent of her mother's rehab costs for the first 20 days, Herrin said. After that, it covers 80 percent.

Medicaid, the nation's public health insurance program for low-income people, is the largest source of financing for nursing home care and community-based long-term care. It pays for the aide who comes daily to bathe Herrin's brother and do some light housekeeping and grocery shopping.

FIND HELP: Many community organizations offer free services that can help you through this trying time. Take advantage of everything for which you qualify.

Being a caregiver is a demanding but rewarding role. While it's important to make plans in advance, it's difficult to be prepared for every contingency.

"Aging is not like child care," said Kay Paggi, an elder-care consultant and geriatric care manager in Richardson, Texas. "With a child, you kind of know - college, summer camp. But with elder care, there's just no way of predicting."