

Costs of Being a Caregiver: What Families Can Do
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Jerry O’Bee knows first-hand the costs of being a caregiver. In the 1990s, Jerry moved his elderly father from Detroit to Ada to live with him, his wife and son. He wouldn’t trade his years spent caring for his dad – but he also learned some lessons in how to care for himself. One of those lessons was buying long-term care insurance.

Another was getting involved in support groups.

“Don’t walk the caregiver path alone,” he advises. “Seek help, plan in advance.”

Caregiving is a noble and generous act of love and honor of one’s parents. It can be one of the most rewarding and wonderful gifts a person can give – it also can be one of the toughest things to do.

Family members provide 80 percent of the care for aging parents in this country.

Caregivers provided an average of 21 hours of care per week, or 1,080 hours per year, according to a recent AARP study.

Statistically, more daughters than sons become their parents’ part- or full-time caregiver. The typical caregiver in the United States is a 46-year-old woman who works outside of the home.

But whether the caregiver is a son or daughter – or several siblings working together – the financial costs to those doing the day-to-day caring is significant.

Thirty-five percent report giving up work entirely, according to the AARP study. For caregivers who leave the workforce, the economic sacrifice is staggering: an average of \$659,000 in lost wages, Social Security and pension contributions over a lifetime, according to a MetLife study.

About half of caregivers contribute in other financial ways, such as buying groceries and medications, at an average of \$2,400 out-of-pocket per year.

These figures don’t even account for the time a caregiver spends away from his or her own family, or the physical and emotional toll that caregiving can take.

About 23 percent of caregivers say that caregiving is a financial hardship, according to the AARP study.

With as many as one in four American households now involved in caring for an older adult – and with our nation’s population aging – you may find yourself among the estimated 38 million Americans who are caregivers.

What are some ways that families can ensure the caregiver is provided for – financially and otherwise? How can the economic challenges of providing care be met?

Here are a few suggestions:

Plan proactively. Sit down as a family – if possible, before your parents even require care. As appropriate, discuss with your parents their wishes for care in a group conversation that includes all of the siblings. Talk openly about how care can be handled, and by whom, if the family caregiving route is the road you plan to go.

Take it a step further with a “caregiver contract.” Spell out on paper who is doing what, who is paying for what, who will fill in for the caregiver(s) when he/she/they need a break, and how the caregiver(s) will be financially compensated. More and more families are sitting down with their elder law attorney to draft such agreements. It makes sense –

and saves on a lot of grief, money and argument – to deal with the issues before they erupt into crisis.

Set up a trust for the caregiver. A trust can include caregiver contract provisions or be its own separate document. The trust can provide the trustee with the authority to manage elderly parents' finances and assets and even avoid probate. It can also set forth the terms under which the caregiver will be paid and what the caregiver's responsibilities will be if mom and dad need assistance.

Use the parents' home as financial "collateral" for the caregiver. In an effort to compensate the caregiver for the time, energy and money he or she will provide, the parents' will or trust can provide that, upon the second to die of the two parents, the caregiver receives a gift of the home outright to them or a certain portion of the proceeds from the sale of the home.

Provide for the caregiver in a will. Another way to compensate the caregiver is to include a provision in a will requiring a lump-sum payment of money to be distributed to the caregiver upon the second parent's death. The will can provide for a stated dollar-amount payment or an annual amount to be paid based upon the number of years the caregiver cared for his/her parents.

Consider long-term care insurance. Long-term care insurance provides a monthly payment from the insurance carrier of a predetermined amount toward the cost of in-home, assisted-living and nursing-home care expenses. Because of its current budget crisis, the State of Michigan is tightening the Medicaid requirements that provide public funds for long-term care, with a goal of persuading Michigan residents to purchase long-term care insurance and be less reliant on governmental assistance. Jerry O'Bee, who now sells long-term care insurance, has purchased the insurance for himself and his wife as a way to protect their son from future caregiving costs. A report for the U.S.

Department of Health and Human Services found that long-term care insurance helped working-age people to stay employed while still serving as caregivers.

Tap Veterans Administration and pension payment benefits to cover costs. If an individual is in need of assisted-living or nursing-home care and he/she or their spouse served in a world war, he/she may be entitled to receive VA pension benefits to help offset some of the costs of long-term care.

Know your rights. Under the Family and Medical Leave Act, covered employers must provide eligible employees with up to 12 work weeks of unpaid leave during any 12-month period to care for an immediate family member (spouse, child, or parent) with a serious health condition.

Tap the Child and Dependent Care tax credit. The credit may be worth up to \$3,000 for one dependent or \$6,000 for two or more dependents to individuals who qualify.

Tap the help of support groups and organizations. Locally, West Michigan has a bounty of wonderful groups that can help with all kinds of assistance, including financial. A good starting place: The Caregiver Resource Network (www.CaregiverResource.net)

Order the "Long-Term Care Planning Tool Kit" created by the U.S. Department of Health and Human Resources by calling 1-866-PLAN-LTC – for your parents and for your own future planning.

Meet with your elder law attorney and get your plan together. Many people put off planning for long-term care. However, the best way to maintain family harmony and keep conflicts and financial hardships to a minimum is to sit down with family members and

discuss the above options with your elder law attorney. He or she should be able to help you decide which of the above tools will help you best.

Brian J. Plachta, J.D., attorney, is managing partner of Elder Law Solutions, a division of Plachta, Murphy, & Associates P.C., based in Grand Rapids and serving West Michigan. The law firm is a member of the Caregiver Resource Network, the Council on Aging of Kent County and the Regional Bonding Council of West Michigan. For more information, contact Plachta at 616.458.3994.