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By Shannon Martin, Aging Wisely

Boomers caught between kids, aging parents

It's best to talk about important papers, finances before a crisis strikes

Nancy Miller is retiring early and has plans to travel with her husband once they get their last child off to college. Lately, however, she has been making frequent trips to Florida to help her aging father deal with his worsening health. The competing demands from children and parents for time and resources are emotionally and financially draining.

The Millers' situation may be all too familiar to you, especially if you're one of the 77 million baby boomers. Many members of this generational bulge — and even their younger Generation X and "Echo Boomer" counterparts — find themselves "sandwiched" between caring for aging parents while still raising their own kids, to say nothing of working full time and saving for their own retirement.

How do caregivers balance competing demands on their time, attention and finances? How do you figure out where to find help in this situation? And how do you best prepare yourself and your loved ones to face this time of life with dignity, grace and minimal stress?

As people live longer with chronic illnesses and our population ages, we all face new dynamic issues in our lives. The issues we must deal with range from locating and managing in-home care to discussing a move to a care facility with a reluctant parent while navigating the maze of Medicare and Medicaid. In the Millers' situation, Nancy spent hours on the phone with insurance companies and doctors and did hours of research on the Internet looking for options prior to engaging a professional care manager.

Money matters

With average nursing home costs in the U.S. topping \$70,000 per year and in-home, round-the-clock care well exceeding this figure, people who have not planned ahead face limited options.

Financial issues are at the heart of the elder care system, and adult children often find themselves faced with concerns about their parents' finances. This is one of the first areas that may become overwhelming when facing health challenges or memory impairments.

Failing health or early memory loss are two triggers to step in with some assistance, although finances are invariably difficult to discuss with parents. It may be helpful to initiate these conversations around a relevant life event, such as a friend's move to a nursing home or the illness of a relative, or to discuss your own wishes and plans should you become incapacitated or die suddenly.

Approach the discussion from a helpful, respectful position and make sure the setting and participants are appropriate. You should prepare properly, understand and listen to concerns, and involve siblings. It is important that your parents know you are offering help but not trying to take control out of their hands. Understand that many rational and emotional fears may play into their acceptance.

Some of the most important items to discuss with your parents include the location of important papers, contact information for key professionals (attorneys, CPA, financial planner, banker) and options for financing care needs. It's important to determine how they wish to have financial matters handled should they become unable, and to discuss when that might become necessary.

There are many practical ways to assist someone with finances. One of the simplest is setting up a joint account with your parents, enabling you to pay their bills. Although this can be an excellent tool, it can present tax and estate complications.

Also, you should consider becoming representative payee to receive and disburse funds for various benefits such as Social Security, Veterans Administration benefits and pensions. Contact the relevant agency for the necessary forms and instructions.

A durable power of attorney is an excellent tool and an important part of the planning process. By making the document durable it stays in effect even if the person becomes incapacitated. An attorney can advise you on the wording granting relevant powers and how to properly execute this document in your state.

Other options include living trusts and managed accounts, which may also involve professional money managers. In the event that some of these arrangements have not been made, it may become necessary to proceed with guardianship, which is the legal process of declaring someone incapacitated and assigning certain rights to a court-appointed guardian, which may be a family member or professional.

Weighing options

Because there are many alternatives to consider, one of the wisest moves you and your parent can make is talking to professionals and getting educated on the implications of various options. Many financial professionals have extensive experience with these issues, and elder law attorneys specialize in the legal issues involved. Geriatric care managers are expert consultants who can help you assess the situation and determine the best steps to take.

Long-term care insurance can cover unexpected costs, but few people have purchased coverage. Medicare was modeled after traditional health insurance and not intended to cover long-term care. Medicaid is the federal-state program for those with limited resources and covers nursing home costs and some in-home or other programs, varying by state. Recent passage of the Deficit Reduction Act in February 2006 further restricts qualification and increases penalties for gifting away assets to accelerate eligibility.

Many sons, daughters, nieces and nephews find themselves helping Mom or Dad financially, an unexpected twist in their financial plans that puts a pinch on college and retirement savings. Like so many, the Millers were surprised to learn that their father's Medicare and supplemental policy would not cover any of the care he needed. They had not discussed his financial situation and were unprepared to find out he had mounting medical bills.

The Millers often preach the virtues of preparation to their boomer friends. "Don't wait until the crisis hits" says Nancy Miller. "If you have older parents, the crisis is already brewing. We wish we had taken steps earlier and saved a lot of headaches and money later."