

Helping to Care for Aging Parents

Options and strategies to explore

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LIFE MANAGEMENT

Many Baby Boomers are finding that their aging parents are in need of health care assistance. Luckily, there are many options available today to help as your parents grow old, either in their own home or in a facility, and several ways that you can finance the costs of the care.



Research Your Options

If your parents are healthy seniors who can look after themselves, they generally are eligible to enter a continuing-care retirement community that allows them to buy or rent an apartment and ensures them lifetime nursing care when it is necessary. Another option for healthy seniors is private long-term care insurance, which can help cover nursing-home costs or the cost of an in-home aide.

There are a wide range of services and options available if your parent needs more substantial assistance and is not eligible for the above-mentioned services. Many families opt for moving an aging parent into their own home. If you are able to peacefully coexist with your parent, this may be a good idea because the arrangement frees you from worry about the upkeep of a second home, and you and your children can have valuable time to spend with your loved one.

Maintaining Their Own Home

When living together is not a workable plan, maintaining your parent in his or her own home is also an option. There are, however, several fairly

expensive things that may be required to make a home environment safe and suitable for an aging person. Various safety features may be necessary, including first-floor bathrooms, grab bars in hallways and bathrooms, and a personal emergency response system in case your parent needs assistance while alone. If your parent is in need of daily assistance with meals or chores, he or she can apply for several services such as Meals on Wheels, which may be free for anyone over 60. If your parent needs more personal assistance, you may want to look into hiring an in-home aide at a skill level appropriate for the amount of help needed.

Medicare will only pay the full cost of professional help if a physician certifies that your parent requires nursing care and if these services are provided by a Medicare-certified home health care agency. Adult day care is also an option and a good way to get your parent to socialize with other adults. Prices for day care can cost up to \$100 a day or more, depending on the amount of attention and activities provided, and reduced rates may be offered for those who can't afford the full charge. Call your local senior services groups and agencies to find one of the thousands of nationwide day centers that may match your needs.

Online Support for Eldercare

Administration on Aging

www.aoa.gov — A variety of print and online materials for elders, their families, and professionals regarding housing, medical, caregiving, and services for seniors.

ElderWeb

www.elderweb.com — A rich collection of resources for the elderly and their caregivers on financial matters, health care, living arrangements, and social, mental, and legal issues.

There are other online support services, publications, and resources available that may meet your needs. Check your local library or senior services agency for information.

If sending your parent to a nursing home is inevitable, make sure you research each home extensively. Reservations at the home selected should be made at least a year ahead of the time that you expect your parent will need it, as waiting lists are typically long at well-respected facilities. Keep in mind, too, that the government offers limited financial help for those families paying for nursing home care. Medicare will only pay for care on a short-term basis, and Medicaid only offers benefits to low income individuals with limited assets. And, with the average nursing home stay costing upwards of \$6,266 per month, financial planning has become even more crucial to the economic well-being of adult children responsible for the care of their elderly parents.¹ Don't wait until the last minute — start planning now to ensure the future care of your parents.

Financing Long-Term Care

One of the biggest worries of those caring for an aging parent is how to pay for the care needed. If you provide more than half of a parent's support and his or her gross income is less than \$3,400 in 2007, you can claim your parent as your dependent, giving you a tax exemption for each parent so cared for and allowing you to write off much of the medical expenses. (Note: The dependent exemption phases out at higher income levels. Check with your tax advisor.) You may also be able to claim a federal tax credit that will enable you to take up to \$3,000 off the cost of in-home care or day care. Another option is the flexible spending account (FSA), which lets you pay for a certain amount of care each year with pretax dollars.

Publications for Long-Term Care Issues

Caring for Your Parents: The Complete AARP Guide

Consumer Reports Complete Guide to Health Services for Seniors: What Your Family Needs to Know About Finding and Financing Medicare, Assisted Living, Nursing Homes, Home Care, and Adult Day Care, 592 pages, Three Rivers Press, 2000.

There are other online support services, publications, and resources available that may meet your needs. Check your local library or senior services agency for information.

Helpful Resources

There are many resources that can help you by providing valuable information and referrals. In addition to the resources listed on the next page, your place of worship, local hospital, and senior services groups and agencies may also be helpful.

The American Association of Homes and Services for the Aging

(www.aahsa.org or 202-783-2242) offers information on how to choose a nursing home or assisted-living facility, a directory of continuing-care retirement communities, and information on long-term care insurance.

Family Caregiver Alliance

(www.caregiver.org; 415-434-3388) offers information for caregiver concerns, newsletters, fact sheets (English, Spanish, and Chinese), and an online support group.

The National Alliance for Caregiving

(www.caregiving.org; 301-718-8444) is a national resource center that provides information on elder-care conferences, books, and training for professionals.

National Association of Area Agencies on Aging

(www.n4a.org; 202-872-0888), an advocacy group for local aging agencies, offers The Eldercare Locator (800-677-1116) or www.eldercare.gov, a service that puts you in touch with a local resource-and-referral organization, which, in turn, will recommend home health care aides.

There are other online support services, publications, and resources available that may meet your needs. Check your local library or senior services agency for information.

Points to Remember

1. As the population ages, many Baby Boomers may be called upon to care for an aging parent.
2. There are a range of options available to senior citizens, depending on their circumstances and the degree of care they require, including continuing-care retirement communities, moving a parent into the child's home, or modifying a parent's home to make it safe.
3. Certain tax breaks may be available if you can claim your parent as a dependent.
4. Research all your options, and consult the various resources available for the elderly.

For more information, please contact your financial advisor.

Important Additional Notes

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Diversification does not protect an investor from market risk and does not ensure a profit.

¹ Source: Elderlawanswers.com, September 28, 2006.

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