Caring for Elderly Parents

Podcast Episode #2 for December 2021 – Host Only, No Guest

Welcome and thank you for joining us for another podcast episode…For Her. My name is _________, and I am *[add 2-3 sentence bio – brief]*.

In this episode, I will be discussing the financial implications as it comes to our elderly parents. For most of us, we have had the blessing of our parents raising us, loving us and providing us with financial security as we grew up. Now that we have our own share of responsibilities and a family to support, many of us are realizing that our parents are also in need of attention and assistance. Assistance with managing their day-to-day affairs such as finances, household maintenance or ongoing care for their health. The cycle of life is taking a 180-degree turn and it is expected for us to step into the role of a caregiver.

My repetitive use of the word 'US' implies that it is a combined duty of both genders. However, as many listening in will agree, this role is likely disproportionality burdening women with all the responsibility because often If a member of a family becomes ill or has a disability, the commonly adopted attitude is that the main caregiver should be a female member of the family.

The entrenched stereotypes, rooted in our society insist that men are breadwinners whilst women are homemakers and caregivers.

BUT THE FACTS SUGGEST OTHERWISE!

According to a report published in April 2020 by The Organization for Economic Co-Operation and Development, referred to as the OECD, women around the world spend up to ten times more income on care work than men & with special emphasis to Indian women, it indicates that 84% of them are presumed to undertake this role on a partial or full-time basis. So, in essence, it can be concluded that we are being drained of financial and physical resources, impacting our own mental and physical wellness but also not realizing that we are also being drained of our savings, our financial goals and basically, our chance of achieving financial independence. This is particularly disheartening as it neglects to draw attention to the complications attached to this role suffered by women who are already struggling with receiving recognition to induce a firm financial stand.

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Caregiving for your elderly parents is a selfless role, and more often than not, a role that must be managed in a heightened emotional state – there is so much going on…it's sad, it's stressful and the last thing you're thinking about is money and why you are having to take on the grunt of the work. You don't stop to think to say this is an unpaid role, it's simply expected and of course, someone has to do it right!

Women who are not employed face financial hardships, and often depend on the men in the family members to earn an income that can support the household. This situation contributes to the widening of the gender inequality gap and of course exacerbates the ongoing discussions of the wage pay gap between men and women.

However, women who are employed and are able to find income-earning opportunities that fit around their existing familial responsibilities with the added caregiving responsibilities, the United Nations General Assembly states that such roles are more likely to be in "low-waged, precarious, unprotected employment, in hazardous or unhealthy conditions with high risk to health and well-being", as reported by Carers Worldwide. This addresses the unbalanced relationship between caregiving and unemployment endured by women, that often remains concealed from the public eye.

As I just mentioned, there are two sides to this story us women know all too well. We are taking care of the home, raising kids, supporting the family in every which way that is required, and then we add in the responsibility of supporting our elderly parents. Everyone is well aware that raising kids and growing our family puts a serious squeeze on our budget. Beyond covering day-to-day living expenses, there are all of those extras to consider—sports, after-school activities, tuition, saving for their long-term education needs, marriage and so on. Add caring for elderly parents to the mix and balancing your financial and family obligations could become even more difficult. This can be an emotional roller coaster, but also a financial roller coaster as we are being pushed and pulled in multiple directions at the same time – this is the reality for the SANDWICH GENERATION. A generation that is seeing its highest strain on their budgets as they care for their parents and support their children, and in a lot of cases, grown children who are still not yet employed or unable to go out and live on their own.

Now I feel I have outlined the issues in enough detail and the fact is that pondering over these issues is only a minor step in what really needs to be done. For those who are in this situation, or for those who may be facing this exact situation in years to come, there are some things you can do to prepare and manage so that this doesn't become the roller coaster it can turn out to be.

The first thing you want to focus on is budgeting. Budgeting is as much a psychological game as it is accountancy and thereby the first step involves mental preparedness & communication. When thinking about how to budget for the sandwich generation, consider that caring for aging parents can directly affect your earning potential if you have to cut back on the number of hours you work. The impact to your income will be more significant if you are the primary caregiver and not leveraging other care options, such as an in-home nurse, senior care facility or help from another sibling or an adult child.

The truth is that taking time away from work can be difficult if you're the primary breadwinner or if your family is dual-income dependent. Losing some or all of your income, even temporarily, could make it challenging to meet your everyday expenses.

Normally, we hear people tell us all the time that we need to make a budget, understand our income sources, have a thorough understanding of where our money is going, and then identify areas where we can save and invest for our short-term and long-term financial goals. The budgeting exercise I am referring to is different. Yes, you need to do the budget as I just outlined, but you want to make an additional budget, something I call a "what-if" budget. In the finance world, this is referred to as Scenario Analysis, but I feel the "what-if budget" is just the terminology we need to be able to think through things. If you are married, and if possible, do this exercise with your spouse, make sure you are on the same page as more than likely, if you do find yourself in this situation, it's normally not a short-term thing.

Budgeting when you are in a situation of supporting your own family and your elderly parents is really about getting crystal clear on needs versus wants. Start with a thorough spending review.

Are there expenses you might be able to reduce or eliminate while you're providing care?

How much do you need to earn each month to maintain your family's standard of living?

And remember to plan for what-ifs. For example, what-if your child gets into a very prestigious, and likely expensive college? What-if your elderly parent gets cancer? What-if you or your spouse face disability or a major health issue? See, there are so many angles to consider as life can throw a number of curve balls when we least expect it and the only thing that is actually in our control is planning now. I mean, none of those things may come to pass, and if that happens and you followed your what-if budget, worst case scenario then is that you have extra financial resources saved up and can attain some of your financial goals sooner.

Keeping your family's needs in focus and shaping your budget around them is a money strategy that can keep you from overextending yourself financially. And one thing I want to stress - protect your capital from yourself! Afterall, we are only human and can faulter at being disciplined to live within our budget. So, in order to seize impulsive decisions, it's best to resort to exempting control and automate savings and investment plans so that the impact is minimalized and the opportunity to overspend is removed.

One thing you want to continue to do is save for short- and long-term financial goals. By this I do not recommend putting caregiving or any other what-ifs ahead of your own cash reserve and retirement planning. While the intention to put others before ourselves is noble, you may actually be pulling the next generation backwards due to your lack of self-planning. Continue to put money aside in an emergency fund. Adding to your emergency savings each month—even if you have to reduce the amount you normally save to fit new caregiving expenses into your budget—can help prepare you for additional unexpected expenses or the occasional cash flow shortfall. Also, making regular contributions to your retirement accounts, this needs to continue and should still be a priority.

Now not everything is about you, your income, your budget, your time - ASK FOR HELP.

A big part of learning how to budget for the sandwich generation is finding resources you can leverage to help balance your family commitments. In the case of aging parents, there may be state or federal programs that can help with the cost of care.

Remember to also loop in your siblings or other family members - engage them in an open discussion about what they can contribute, financially or in terms of caregiving assistance, to your parents. Getting them involved and asking them to share some of the load can help you balance caregiving for parents while still making sure that you and your family's financial outlook remains bright.

And of course, there are many professionals you should be in touch with as they can help you navigate.

Another crucial step in this process is communicating with your parents about what they need or may need at some point in terms of care. It should all start with a frank discussion and plan, preferably before their retirement or prior to any significant health or mental deterioration. The sooner you plan the more options you have. It is crucial to plan everything out before a loved one can no longer take care of themselves. This discussion will ensure that your parents' expectations are met without any lapse of judgment from either party. Make sure whilst interacting to have discussions about their own secured funds or perhaps their motive with their own assets. This enables your financial budget from overlapping. I do want to add a disclaimer here – winning the lottery or gaining an inheritance from your family should not be your financial plan and definitely should not be the foundation of your own retirement plan. Prudent financial planning do not add what-ifs for these scenarios. The reason you ask? What-if your father or mother live 15 years more than expected, will there be any inheritance left? Unless there is a living-gift being made, meaning you are receiving some inheritance during their lifetime, that's a whole different scenario.

Going back to having that discussion with your parents, your first step will be to seek their permission and consent to discuss further. It is possible that these discussions will be hard to begin and may cause issues. Your parents might be in denial because after all, nobody likes being a liability and so many parents may not believe they'll need long-term care. This is why it is essential to be attentive and know the right time to intervene. It is essential that we provide assurance for them to lower their guard with ease.

I know the time to talk about your parents' finances may never seem right. You may feel like you're invading their privacy and independence, even their dignity. You may feel unwilling to face reality — that life is short and your parents are mortal. But the signs are clear. You'll need to take on an unfamiliar role and talk to them about their finances. Delaying this talk may prove costly to your parents, to you, and down the line to your children. There is also the possibility that not having this discussion and being able to help may damage their credit, lead them to fall prey to elder financial abuse or identity theft, or even lose their home through foreclosure.

So, after you figure out how much care for your parents may cost, now start breaking things down into buckets. What does living expenses look like? What will healthcare look like? What expenses do you have to worry about when they pass away? Then work with your parents to determine what they have planned and what is covered through their health plans, their savings and their insurance policies. Another big thing here is to determine if more insurance is required, of course if they are still eligible.

As we go on to think about our elderly parents, as they age, their health and mental capacity also deteriorates. The extent to this deterioration has a large impact to you and your family. Alzheimer's is something that comes to mind. Having a family and then adding a family member staying with you that is suffering from Alzheimer's is a challenging situation, but one that is becoming more and more common. They can't remember your name, their own name, where they are – this is a challenge that you can't prepare for and can only understand it by experiencing it.

This is where assisted living comes in. This is a very difficult subject, I completely understand. Having your parents sent away to an assisted living home is a discussion no one wants to have, and likely, if this was ever brought up during your discussion with them, they have likely objected…harshly.

However, in certain cases, this may be the only option left. In the case of mental deterioration, your parent may become agitated, confused, upset, angry, violent – and can sometimes be a threat to themselves and the loved ones within the household. We all want to take care of our parents, and I understand that some of you may be wondering how can this even be a suggestion. But like I mentioned, this is something that is very hard to understand or even imagine without having experienced it. All I ask is that you consider the what-if and know the costs associated with this possibility, that I hope no one has to live through.

Now, in terms of other caregiving assistance. It's true that many parents, including my own, want to live at their own home for as long as possible, but still need some assistance from time-to-time. In such cases, parents tend to feel safe and cared for and if they are satisfied, then so are we because the entire purpose is for them are a worry-free retirement.

Here are some tips as you start to figure out how your caregiver duties would work.

1. First, don't quit your job. Leaving your job means giving up a steady source of income and benefits, including health insurance and paid time off. Though quitting may seem like the best idea for taking care of your parents, think about the short-term and long-term financial impact on your familial budget. If you need to cut back on your hours, make sure you work enough to receive benefits. I recommend talking to your human resources department to see if they offer assistance for caregivers.

2. Track your spending Though your parents may have a safety net to cover their expenses, consider a budget to keep track of your caregiving expenses. And don't forget the what-ifs we talked about.

3. And third, speak to a financial adviser If you are overwhelmed with medical bills, it may be time to get help from a professional. A certified financial planner can go over what budget is best for you and how to anticipate any future needs.

Now, besides relying on private enterprises, depending on your parents health conditions, you can avail potential government benefits.

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1. ~~Pradhan Mantri Vaya Vandana Scheme~~
~~This is one of the most popular senior citizen pension schemes in India. Designed for senior citizens above 60 years of age, the policy term of this Prime Minister Senior Citizen Scheme extends to ten years. The pensioner can choose the frequency of the payment - monthly/quarterly/half-yearly/annually. You can earn interest of 8% per annum over this scheme. The minimum and maximum capping of pension are Rs. 3,000 per month and 10,000 per month, respectively.~~

~~2. National Programme for the Health Care of Elderly (NPHCE)~~
~~Introduced in 2010, this scheme concentrates on preventive as well as promotive care for the maintenance of overall health. This program was launched to address the health issues faced by seniors. The district-level objectives include providing dedicated health facilities in district hospitals, community health centres (CHC), primary health centres (PHC), and sub-centres (SC) levels through State Health Society. These facilities maybe free or highly subsidized.~~

~~3. Varishta Mediclaim Policy~~
~~This policy aids seniors by covering the cost of medicines, blood, ambulance charges, and other diagnosis related charges. Designed for senior citizens between the age of 60 and 80 years, this helps meet the health-related expenses of senior citizens. Moreover, income tax benefits are allowed for payment of premium under Section 80D. Although the policy period is for one year, you can extend the renewal up to the age of 90 years.~~

Always try to see what other support is out there, and remember, it's highly likely there are many others going through similar situations. Build a support group, work through things together. It's not always just financial, but the mental impact on your own health is something to also keep priority.

With that, I want to thank all of you listening in. As I have said a few times, this is not an easy subject, but is more and more common that we need to be ready for. If anything, I hope this episode has at least brought these planning issues to the forefront for you – you may have been thinking about it and it may be far back in your mind – but what if?

Thank you, we look forward to having you join us at our next episode.

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