

Working With Financial and Legal Advisors

Number 1: Where To Begin?

This pamphlet is part of a series on dementia-related diseases. This series was prepared by Kenneth Hepburn, Ph.D., Geriatric Research, Education and Clinical Center (GRECC) of the Department of Veterans Affairs Medical Center, Minneapolis, Minnesota.

If you are caring for a family member with Alzheimer's disease or a related disorder, you may feel swamped. The last thing you want to think about is financial planning. But Alzheimer's is a steadily worsening disease. The impaired person will surely lose abilities. One of the most important tasks you may need to assume is the handling of financial matters. In many cases, this may mean taking over these matters for the first time.

The patient's powers often decline slowly, so the person may be able to take part in family affairs for some time. At some point, people suffering from dementing illness will no longer be able to manage legal or financial affairs for themselves or for their families. Making careful plans in advance will ease the stresses of that time when it does come.

You and the impaired person should plan together for the future. Taking over fully for the legal and financial matters of a person with Alzheimer's disease will be easier if you know the person's wishes beforehand.

You will need to set goals and determine the best ways to achieve them. For instance, be sure you can afford any extra care needed for the impaired person. You also want to maintain a decent lifestyle and to provide for your family's future. For all these reasons, you want your family's money to yield the best return, both now and for many years to come.

How should you begin?

Start by learning as much as you can about your family's financial situation. This step has two parts: seeking expert help and finding out what resources and obligations exist.

Set up a financial plan

Once you have a plan, you will need to see that each step is carried out. This pamphlet will give you an outline of the problems involved in taking over the family finances. The next two pamphlets in this series address specific financial and legal issues.

Sharing Responsibility

If you share caregiving for an impaired person with other family members, you may need to share the task of financial management. This may simply involve informing others fully of facts and choices made. You may want to share long term planning decisions or even day-to-day money management chores. In many cases, the primary caregiver of an impaired person is also the person's spouse. If the spouse has little experience managing financial affairs, grown children may be helpful. A grown child who serves as primary caregiver may not wish (or be able) to take on the task of financial management. If this caregiver can take on the added task, he or she needs to keep other family members well informed.

You may want to call a family meeting to deal with these concerns. Then you can discuss all issues, review the expert advice you receive, parcel out extra work and make choices. For instance, to decide which is the right advice for you, you might obtain suggested plans from two or three sources. Then, with family members putting their heads together, select the ideas which make the most sense. If it doesn't work out to have a family meeting, the caregiver should see that other family members are informed of major decisions. This should be done in writing. This may seem rather formal, but having these things in writing will help avoid conflict and disputes later.

Choosing competent help

Even if the impaired person has only a small amount of savings, insurance or property, you need expert advice. Many financial advisors are willing to assist you with an initial review, often without charge. Such advisors may include bankers and bank trust officers, lawyers, stock brokers, insurance agents, accountants, tax consultants and certified financial planners. Not all advisors are qualified to give you an overview of your entire financial and legal situation. One primary advisor will consult and work with others to help you plan for your total needs. It is likely that to cover both legal and financial planning, your primary advisor should be a lawyer. The goals of your meeting with an advisor include helping you do the following: Organize your records. Understand and manage the current financial situation. Develop a plan for the future. The advisor's role

is not to choose for you but to help you choose wisely. Nothing is so simple that any one plan will be perfect. More often, each idea will have good and bad points that only you can weigh.

Finding a good financial advisor

To find a good financial advisor, try these suggestions. If you have a family lawyer who knows your situation, start by consulting him or her. Call your local senior citizen's center or other service agencies. Such places often have the names of free volunteer tax-preparers or tax advisors. Some can refer you to a lawyer or may even have lawyers for consultation (sometimes for free). Ask friends or family members to suggest a lawyer or other advisor. Ask if they have worked with the person or if this is just hearsay. Ask your banker or someone else you trust to refer you to other good advisors. Call the local Bar Association's "Attorney Referral Service." They can refer you to a lawyer. In looking for advisors, you will want to find someone experienced in the problems of the brain-impaired. When you first call, state your needs briefly. Ask about the advisor's experience in dealing with situations like yours. Ask about fees, and ask what the advisor would, in general, suggest you do. If the advisor will not give you this information over the phone or in an initial visit, look elsewhere.

Determining current resources and obligations

You and your advisor need a clear picture of the financial situation. You will need to collect as much information as you can about family assets and income as well as family debts and obligations. This can be harder than it might sound. The impaired person may be of little help. Records have most likely been forgotten, mislaid or even hidden. Talking about the subject may be upsetting. Also, many people feel financial matters are very private issues. You may feel uneasy about prying into the private affairs of a family member. But someone needs to do so. Meeting the needs of a person with Alzheimer's disease may mean greatly increased medical and living expenses. Living on a fixed income, increasing costs of health care and inflation must be thought about. Families need to know what resources can be used to meet these costs. Also, someone will need to pay the bills on time. These added expenses may affect your own financial planning. What if you are the impaired person's spouse? You likely have mingled resources and debts. If you are the person's child, you will likely have to keep separate track of the person's funds and your own. Most of us can list common bills and debts: house mortgages, car loans, other personal loans or credit card charges, utility bills, insurance premiums, medical bills and taxes, for instance. Financial resources (that is, income and assets) may exist in many forms, however, some of which may be new to you. Normally, creditors will not let you forget any debts

owed. But records of assets may be hard to find, especially if the impaired person has been unable to keep good records for some time or has hidden records. Make sure you carefully search the impaired person's home and records to find any trace of resources. Look through the person's mail. Look in other obvious, and not so obvious places. Don't look just in desks, file cabinets and offices, but also in dresser drawers and containers of all kinds. Search under mattresses, beds or rugs, and in coat or suit pocket and handbags. Keep in mind that the records could be anywhere: in the attic, in the basement, in the cookie jar or the medicine cabinet. Check address books for the names of insurance agents, lawyers, accountants, bankers, real estate agents and other financial advisors. Talk to these people, explain the impaired person's condition and ask if they can tell you about financial dealings they had with the person. You may need a lawyer to help you obtain access to some records.

Look for these items:

- Bank books and statements
- Stock certificates and bonds
- Statements from brokerage firms
- Insurance policies or premium notices for insurance
- Safety deposit boxes
- Personal loans
- Disability benefits
- Evidence of foreign bank accounts
- Address books
- Military records pension notices
- Wills
- Trust accounts
- Inheritance records
- Income tax records
- Cemetery plot deeds
- Evidence of real estate property (such as deeds, keys, property tax statements, etc.)
- Other personal property (such as coin or stamp collections, gold, jewelry, autos, antiques, cameras, art pieces, etc.)
- Evidence of other investments (Individual Retirement Accounts or limited partnerships, for example).

Determining future resources and obligations

Find out what resources and income there will be in the future, and estimate future expenses. Don't overlook some ideas that may not have occurred to you before now. Tax credits or deductions and free or low-cost

community services, for example, can increase the resources available to you even though these items are not "income." Take into account such "hidden expenses" as inflation and lost insurance coverage. Benefits and income are lost when the impaired person (or caregiver) has to give up a paid job.

Potential income and assets

- Income and assets of the impaired person
- VA benefits
- Social Security
- Pensions
- Savings accounts
- Checking accounts
- Real estate investments
- Stocks and bonds
- "Convertible" assets (such as automobiles, jewelry, coin collections, etc.)
- Other income or capital (Individual Retirement Accounts, for example)

Other sources of income and assets

- Impaired person's spouse
- Impaired person's children
- Other relatives

Note: Check state laws about the financial rights and duties of family members.

Insurance Income:

- VA coverage
- Health insurance
- Major Medical coverage
- Life insurance
- Medicare
- Medicaid

Note: Be sure to check what such policies cover. Patients with Alzheimer's disease are not always included.

Potential expenses

To predict future expenses, you need to know what current expenses are averaging. You also need to predict the likely cost of living increases and new expenses. Your advisor should be helpful here. If you don't already know, keep track of the impaired person's monthly living expenses (housing, food, heat, etc.) If you live with the person, keep track of your living expenses too. Some bills are due only once or twice a year (annual water bill, taxes, auto insurance, etc). Average these in. Include savings needs (for a new car, college tuition, retirement, or whatever). Then estimate potential additional expenses of caregiving, using the following questions as a guide. REMEMBER: Be sure to check out free or low-cost community services which might reduce expenses. For instance, you may find transportation or meal programs, adult day care centers or counseling services.

Medical costs

- If you or the impaired person will lose insurance coverage, will you need to purchase extra medical insurance?
- Will the person have more expenses for the services of doctors and nurses
- Will the impaired person incur extra hospital bills?
- Will the impaired person need more drugs?
- Will you need to purchase special equipment, such as a wheelchair, to care for the person?

Housing costs

- If the person will stay at home, will the house have to be modified in any way for safety or ease of use?
- If the impaired person can't stay in the same house, will there be moving costs?
- If the person moves in with you, will you have to make any changes in your own house for either safety or ease of use?

Costs of hired help or services

- Will you need help with housework or yard and home maintenance?
- Will you be having meals prepared by someone else, or will you be eating out more often?
- Will you need to use taxis or other transport services?

- Will you need the services of a paid caregiver or day care center when you need a break?
- Will you need daily or weekly nursing help to care for the person?
- Will you or the impaired person have any legal fees or fees for other advisors?

Costs of miscellaneous supplies

- Will you need incontinence supplies or other equipment (handrails, grab bars, etc.) designed to help in caring for an impaired person?
- Will you need different types of clothing or personal items for the impaired person for safety or ease of use?

Organizing records

You should keep careful records of expenses of caregiving and of decisions made on the impaired person's behalf. This is to protect you and to avoid confusion later. A lawyer or an accountant can help you set up a simple system. Once you have met with your advisor and arranged the records, prepare a list of documents. The list should say where each document can be found. One copy of the list should be kept at home. Other copies may be given to your financial advisor, lawyer or close relative.

Your list should include the following items:

- Any "proof of ownership" papers;
- The passbook number and bank branch for all savings and checking accounts;
- The location of all insurance policies (health, disability, life, fraternal, VA, homeowners, automobile, etc.);
- The location of all "vital statistics" documents (marriage, birth, death, citizenship, military, etc.);
- The names, phone numbers and addresses of financial and legal advisors (attorneys, stock brokers, insurance agents, income tax preparers, etc.); and
- A list of all charge accounts.

Taking over tactfully

If the impaired person has always controlled the finances in your family,

taking charge may be awkward. There is a risk of hurting the person's sense of self-esteem. Also, if the disease has made the person unduly suspicious or paranoid, you may even be accused of trying to steal his or her money. Depending on how impaired the person is, you may be able to go about this slowly. Begin, for instance, by taking over spending decisions and bill paying. Perhaps you will only need to watch over the person's handling of affairs, correcting any mistakes. But you may need to take over fairly abruptly. Either way, the following ideas may help.

- Avoid unnecessary discussion.
- Avoid conflict by avoiding unnecessary discussion. Keep in mind that the person probably finds the whole subject confusing and upsetting. You are quietly but firmly taking care of matters which have just become too hard for the person.
- Review the mail
- Take out bills, checks, bank statements, etc., before the impaired person finds them.
- Direct deposit of income checks.
- Arrange to have all income checks (from pensions, Social Security, etc.) deposited directly into bank accounts you control. *You may want to look into types of accounts that make this easier. (See Part 2 of this series on "Working with Financial and Legal Advisors" for suggestions).

Pocket money

Make sure the impaired person always has some pocket money. This will help preserve some sense of independence. You will think of other good techniques to help the person and you to make this big change. Support groups are another good source of ideas for coping with problems like these. The Alzheimer's Disease and Related Disorder Association can help you locate a support group near you, or ask your local hospital or health care providers for a referral.