MIT AgeLab Life Tomorrow

PLAN Preparing for Longevity Advisory Network

MIT AgeLab
PLAN Issue Brief
January 2023

Advising for Caregivers of Adult Children

As past AgeLab research has investigated, taking on the responsibility of unpaid family caregiving has profound implications. The role of caregiving for an adult child has unique complexities of its own, including a complicated care trajectory and interactions with social services and programs. There is an opportunity for financial advisors to support clients in this caregiving role.

This issue brief brings together observations both from financial advisors and caregivers of adult children to explore the issues that these caregivers contend with and how they intersect with the advisor's practice.

Why caregiving?

According to the AARP 2020 Companion Report, over two million adults in the US are caregivers of an adult child aged 18-49.

Caregiving is a demanding and complex role. Caregiving for adult children is also costly; parents may need to cover things like daily living expenses, home modifications, specialized care and equipment, and other costs that will often continue into the child's adulthood and throughout their lives. As a result, many caregivers may take on more debt, save less (or stop saving at all), and find themselves unable to pay bills or even to afford basic expenses.

They also must determine how to balance these financial demands with the time demands; some need to work more or put off retirement to ensure that they can provide financially for both their child and themselves, whereas others have to cut down on working or stop altogether so that they can be available when their child needs them. Many caregivers who work also experience impacts on their working lives, including professional development, attendance, and benefits.

Lastly, caregivers may also struggle with planning for themselves; AARP found that over half of caregivers of younger adults aged 18-49 do not have plans in place for their own future care.

Transition points in caregiving for adult children

The MIT AgeLab interviewed five caregivers of adult children on their caregiving experiences and how their financial advisors were able to support them. During these interviews, three key transition points in the lives of caregivers emerged.

Diagnosis of the child | **Legal adulthood** | **The aging of the caregiver**

Making big decisions

Following the child's diagnosis, whether at birth or later in life, many decisions must be made: Who will be the primary caregiver in the household? How will responsibilities be divided? Is the current housing situation accessible? What are the potential costs of home modification or moving? How will the caregiver's working life change? How will income be impacted? "My career was rerouted. All I did [after becoming a caregiver] is arrange our life and develop on the research that I wanted to lead around my son."

Navigating complexity

The transition of the care recipient into adulthood shifts the services, programs, and supports they are eligible for. Decisions may need to be made about housing for the care recipient – whether they will remain in the caregiver's home, in an institutional setting, or live independently. "There's a lot of things that go on for individuals as they approach the age of eighteen: guardianship, driver's licenses, social security benefits, I mean, there's a huge list. There's literally checklists of things ... when they turn eighteen, and then when they turn twenty-two, people have referred to that as "a cliff."

Crucial conversations

As the caregiver ages, he or she may no longer be able to provide care as effectively as in the past. In some cases, both the caregiver and care recipient may both need care. The question of who will take on care responsibilities for the adult child may require difficult conversations within families about who will take up the caregiving role. "Unfortunately, I don't think [my daughter] is going to be that involved in [my son's] care … I don't think it's dawned on her yet that she would be his caregiver."

Judith Heerlein, caregiver to an adult child:

"You find [help] in every corner of your life […] there was always a social worker, a teacher, a therapist, somebody who knew somebody else, a parent who had some experience and just listening to what everybody else was doing. That's how we got our information."

"When you get a little bit older, you get to that place where your older children have launched, and you are able to work full time. That's when we were able to hire a financial planner but not before then, because there was no plan. The plan was just, 'can we live comfortably from day to day.' But I think later on, when we were able to do that, it was difficult to find a financial planner."

"The decisions that you're making [about finances] aren't in the moment, and you're so used to dealing as a caregiver with what you need to do in the moment. Can I make my child more comfortable? Can I make sure that things are happening at program at school? But because finances are in the future. You tend not to attend and understand and appreciate what [financial concepts] mean.

AGELAB CareHive

N=5; all participants were women between the ages of 63 and 82; three were married, two widowed; and four of five had either worked with or were currently working with an advisor. Participants were recruited from the MIT AgeLab's CareHive caregiver panel.

Caregiver perspectives: how advisors can help

Caregivers of adult children shared ways that they felt like they could be meaningfully helped, by advisors and in general.

Identify benefits and services that are available to caregivers of adult children.

> *I would want to know, what are the benefits? What does it mean to have an ABLE account? What happens with Social Security … ? What's legal guardianship?*

Have **conversations outside of finances** alone.

> *[A helpful advisor] would have to be someone who can hear what we aspire to. It would have to be related to the content, not just the money.*

Be willing to engage with and **navigate complex relationships**.

> *What I like about [my advisor] is that she is all about fairness.*

Bring to bear **specialized knowledge and credentials.**

> *We made sure that the [advisor] we selected had some background in that, and that she also will do research.*

Emmet Riddick, CIMA, AAMS, CETF, ChSNC:

"As a financial professional, I think we're really here to be a resource for these caregivers and these families, making sure that we're connecting them if we don't have the answers […] And that could include a State attorney who focuses on special needs, or a CPA or an accountant that can focus on the nuances of an estate plan and tax planning tax deductions."

"One of the first things I think that is crucially important as being a resource to a client who has a child with special needs is, do they have a life care plan? And this is essentially a roadmap or blueprint for economic success, and many families, unfortunately, do not have this. And really what it does it is it lays out every single detail of that child's life."

"There are many resources out there: One of my favorites is specialneedsalliance.org. There's also specialneedsanswers.com, and then also thearc.org. A lot of those websites can guide either you or your clients to answer a lot of questions that either you have or they may have."

Implications for advisors

- **Market your training, network, and expertise.**
- **Planning is key.** Caregivers might be living in the moment, and the urgency of the "now" can make the future feel nebulous. But caregiving can be unpredictable, and it's crucial to guide caregivers through long-term planning–for both their child and themselves.
- **Speak the same language.** Avoid financial jargon, become familiar with terminology that fits your client's situation, and make sure that you and your client are on the same page. Having a decent grasp of the complex language surrounding clients' unique situations can set the foundation for effective communication between client and advisor and allows advisors to find appropriate information and resources.
- **Have empathy.** Understand that caregivers may be enduring significant emotional strain in their lives as they manage their situation. As one advisor put it, "you become their therapist."
- **Remember that there is no one-size-fits-all approach.** Each caregiving situation is unique, with different demands, needs, and variations in law and policy. Like caregiving parents themselves, advisors need to have a willingness to be flexible, adaptable, and to learn as they go.
- **Do your research outside of the client meeting.** Research what resources your client might be eligible for, and surround yourself with a team of experts who can provide support & help. Consider taking a training course to better equip yourself with expertise. Have a list of organizations or websites ready to share with your client if they need it.
- **Discuss all of the options.** Be thinking and talking with your client about what might be best in terms of life care plans, government benefits, special needs trusts, ABLE accounts, and tax planning/deductions. All choices have pros and cons, so work to tailor solutions to your client's situation.

Invite others to join PLAN! agelab.mit.edu/plan

The context of how we live in retirement has changed, and a new approach to anticipating, planning and preparing for older age is accordingly needed. We invite financial advisors, retirement planners, and others in the retirement industry to join PLAN to contribute to the understanding of the future of advice and be among the first to learn key research takeaways.