

Family caregiving and financial planning: an introduction

Family caregiving is a common life experience with profound financial implications.

Advisors who are conversant in some challenges related to providing care can better connect with clients and provide important assistance.

Here we look at some basic facts about the prevalence, implications, and complexity of family caregiving.

Caregiving affects all aspects of people's lives, including their finances. Understanding some basic facts about care may be helpful for working with many of your clients.

Caregiving is common.



47.9 million Americans, or about one-fifth of the U.S. population, are unpaid caregivers to an adult, an increase of 2.6 percent from 2015 (National Alliance for Caregiving and AARP, 2020). Looking just at people in midlife and old age, the proportion of people who provide care is even larger.

Put it into practice: *A significant number of your clients may be family caregivers. Do you know which ones they are? How does caregiving come up in your conversations with clients?*

Caregiving is costly.

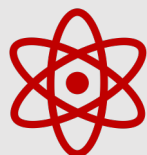


Caregiving can involve major unexpected costs in midlife and retirement.

- Housing: Caregivers may cover costs for home modifications or assisted living.
- Lost income: Caregivers may draw down their work hours, decline promotions, or even leave the workforce in order to provide care.
- Healthcare: Caregivers may take on the responsibility of paying for a care recipient's healthcare costs, including paid professional care.

Put it into practice: *Caregiving can involve some of the largest expenses in a client's life. Are you conversant in those costs? Do you have references for the costs of caregiving, such as assisted living, that you can provide for clients?*

Caregiving is complex.



Caregiving encompasses a wide range of roles, tasks, and activities. Individuals who provide care may help their loved one with:

- End of life and estate planning
- Healthcare decision-making
- Housing decision-making
- Daily activities
- Transportation
- Social engagement and keeping company

Put it into practice: *Financial advisors can play a direct role in providing guidance for some of these responsibilities, especially financial management and estate planning. They can even help with challenges such as healthcare decision-making and managing the care recipient's daily life, by providing referrals to services such as geriatric care managers and respite care providers.*

The Language of Caregiving

The language of caregiving, up to and including the word “caregiver” itself, reflects the particularities of caregivers’ lived experiences.

Understanding the language caregivers use to describe themselves is may be helpful for communicating with clients who provide care to a loved one.

This brief describes results from research with the MIT AgeLab’s CareHive, a research panel of family caregivers.

To better understand the language and emotions surrounding family caregiving, the MIT AgeLab fielded a survey to 363 members of the CareHive Caregiver Panel. All respondents were currently involved in providing care to a spouse or partner or to a parent, parent-in-law, grandparent, or aunt or uncle.

1. Do caregivers call themselves “caregivers?”

Just under a third of participants said the term “caregiver” was not adequate to describe what they do for their family member. Caregivers who were a spouse or partner to their care recipient, who lived far away from their care recipients, or who had been providing care for more than six years were more likely to hold this view.

For these respondents who did not like to call themselves “caregivers,” no consensus emerged on an alternative term. The most common alternative response that respondents gave was “nothing.”

***Put it into practice:** Some caregivers may not see themselves explicitly as inhabiting the caregiving role. It may not be something they talk about as an aspect of their identities. Consequently, they may not bring it up with professionals such as their financial advisor. How can advisors open up a conversation about caregiving in cases like these?*

2. The language of caregiving.

To understand how panel members define what a “caregiver” is, we asked respondents to provide the first word that came to mind when they heard the term “caregiver.” Respondents gave a diverse range of responses, many of which are included in the table below. The top three words were “helper,” “responsibility,” and “care.”

Term	Frequency (%)	Term	Frequency (%)	Term	Frequency (%)
Helper	10.1	Exhausted	1.5	Burden	0.9
Responsibility	8.0	Provider	1.5	Everything	0.9
Care	7.4	Caregiver	1.2	Giving	0.9
Love	6.3	Compassion	1.2	Mom	0.9
Nurse	5.4	Duty	1.2	Partner	0.9
Support	4.5	Me	1.2	Slave	0.9
Selfless	2.7	Overwhelmed	1.2	Work	0.9
Assistance	2.4	Parent	1.2	All other responses	33.7
Family	1.8	Sacrifice	1.2		

***Put it into practice:** Asking clients, “Are you a family caregiver?” may not always be the best way of bringing up the role they play in caring for a loved one, especially for people who don’t see themselves as caregivers. Instead, for example, you might ask clients in midlife if they “help out” their aging parents. Or: do they feel “responsibility” for an adult loved one?*

Knowing if a client provides care to a loved one is key to understanding their full financial situation, as well as the kinds of supports, services, and advice that they might need.