



## Can You Afford Your Parents' Longer Lives?

### 6 tips for the fear buried inside many boomers

By: Richard Eisenberg | July 29, 2014

Not-so-funny thing: For years, when I got together with my boomer friends and relatives, our kids would be Topic One. These days, it's our [aging parents](#). And, mostly, the conversation isn't cheery.

Typically, we talk about how our moms and dads are growing frailer and about the caregiving they need (my father will soon turn 92 and has a full-time caregiver). But what's often left unsaid is our nagging fear that our parents — living longer than they or we anticipated — will run out of money.

Then what?

Talking about this worry is generally taboo. We don't want to come off sounding as though we're wishing our parents' lives will end soon to avoid a potential financial crisis for them and for us. Frankly, I'm a little jittery even writing about the subject.

As New Yorker cartoonist [Roz Chast](#) put it in her poignant new graphic memoir about caring for her elderly parents, [Can't We Talk About Something More Pleasant?](#): "I felt like a disgusting person, worrying about the money."

But the truth is: Longevity in the abstract is wonderful; in reality, it can be wonderful but can also be expensive and produce high anxiety for boomers. [Ken Dychtwald](#), President and CEO of Age Wave, a consultant specializing in aging and boomers, calls it "the Caregiving Crunch."

[Virginia Morris](#), author of the excellent book, [How to Care for Aging Parents](#), told me: "This is an enormous issue. If you're not worried about it, you probably should be."

### A Ballooning Problem in America

With 6 million Americans now 85+, a number expected to hit 14 million by 2040, "this issue is just going to balloon tremendously. We're just on the cusp," said [Stein Olavsrud](#), a certified financial planner at FBB Capital Partners in Easton, Md.

To pull together advice for people in their 50s and 60s who worry their parents' money may run out, I turned to five experts: Morris; Olavsrud; Dychtwald; [Cynthia Hutchins](#), Director of Gerontology at Merrill Lynch and [Carolyn Rosenblatt](#), co-founder of [AgingParents.com](#) and a Forbes columnist.

First, a caveat: "This is a severe problem with not a lot of great answers," said Olavsrud. As Dychtwald told me: "There's no magic solution; there's no button on the wall where a million dollars will come down a funnel."

What's especially vexing, Dychtwald added, is that the timing and size of the problem is often unknown. "If you have a nine-year-old, you can predict when they'll go to college and plan for it," he said. "But how does one know when one's parents will need money or a nursing home?"

## **Put Yourself First**

One point all the pros I spoke with agreed on: Don't assume you'll need to urgently tap your own savings to deal with this problem.

"People's first reaction is often: 'I have to pay for this myself,'" said Morris. "I'd urge you to be extraordinarily cautious about jumping into that. You have your own retirement, and possibly your kids' college, to think about."

## **6 Tips For Fearful Boomers**

Here are six recommendations from my team of experts:

**1. First, talk with your parents about your concerns — the earlier the better.** "The sooner you start talking about these issues, the more options you'll have," said Morris.

Yes, raising the subject is uncomfortable. A 2013 [Merrill Lynch survey](#) of people 50+ found that 70 percent of them haven't had in-depth discussions with their parents about topics such as their net worth or how to pay for long-term care.

"People need to expect their parents will become infirm before they die and they'll have to [have a conversation](#) on how everyone is going to manage that," said Rosenblatt.

Once you begin talking candidly with your parents, "you'll discover their wishes and can then weigh them against your own financial situation," said Hutchins.

**2. Meet with one or more professionals who can offer strategic advice.** It could be an eldercare attorney for [Medicaid planning](#) (you can find one through the [National Academy of Elder Law Attorneys](#) or [National Elder Law Foundation](#) site). In most states, Rosenblatt noted,

Medicaid will pay for a nursing home but not for a caregiver in your parent's home.

Alternatively, you might consult a financial planner or, if you want advice on caregiving costs and choices, a [geriatric care manager](#) (visit the [National Association of Professional Geriatric Care Managers](#) site).

Rosenblatt advised also getting “the medical part of the picture” by speaking with your parents' doctors about their diagnoses. “Then, you'll have a clue whether your parent will need full-time care down the road,” she said.

**3. Scour for money-saving benefits your parents may be entitled to receive.** Three useful sites to dig up this information: The National Council on Aging's [BenefitsCheckUp](#); the federal collaborative, [Benefits.gov](#) and The U.S. Administration on Aging's [Eldercare.gov](#).

**4. See what your parents could do to improve their financial situation.** “Think of creative solutions,” said Morris. “Maybe your parent can have a renter move in and help with household chores. Or two elderly friends could move in together to save on housing costs.”

Your mother and father might be able to reduce their costs and add to their savings by [downsizing](#) or — said Olavsrud — selling assets (such as jewelry or antiques).

If they've lived in their house for many years, they could look into tapping their home equity with a [reverse mortgage](#). The money would be repaid when they sell the house or upon their death. Just bear in mind that a reverse mortgage is a complicated financial product, so your parents will want to get objective [counseling about it](#) before committing.

**5. If your mom or dad will need to move into a long-term care facility, look into whether the cost is negotiable.** Bear in mind that some nursing homes won't even accept people on Medicaid (let alone negotiate the expense) because of the government's low reimbursement rate.

That said, I know someone who met with the management of a nonprofit assisted living complex and worked out a “scholarship” arrangement for his mother. He demonstrated that there'd be enough cash to pay for three years' worth of care there and the staffer said the facility wouldn't evict her if the money ran out after that.

**6. Instead of paying for your parent's care outright, make it a loan.** You could structure [the loan](#) so you'll be repaid upon your mother or father's death or from proceeds of the sale of their house. A longtime friend of mine did this, loaning \$40,000 to his parents with the proviso that he'd get the money back when their house sold (figuring he'd then use that money to help pay for their long-term care).

His dad died a year ago and the house is now on the market. He recently moved his financially-strapped 84-year-old mother from her Washington, D.C. suburb into a \$6,600-a-month assisted

living facility 45 miles away from him in northern California.

But his money concerns about his mom are hardly over. “I still have sleepless nights about the ‘what if’s,’” he told me.

So do many of us.

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