

# Financial Caregiving and You



**SAFE BANKING  
FOR SENIORS**

ABA FOUNDATION

## **About the ABA Foundation**

The ABA Community Engagement Foundation, known as the ABA Foundation, is a 501(c)(3) corporation that empowers bankers to better their communities. Since 1925, the Foundation has helped bankers provide financial education to individuals of all ages, elevate issues around affordable housing and community development, and achieve corporate social responsibility objectives to improve the well-being of their customers and their communities.

## **About the American Bankers Association**

The American Bankers Association is the voice of the nation's \$23.6 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$19.2 trillion in deposits and extend \$12.2 trillion in loans.

# Financial Caregiving

Money management can be a difficult topic to discuss, but it is a critical conversation to have with your loved ones as life circumstances change due to aging, disability, illness or other factors. You can protect your financial future by identifying a financial caregiver to help manage your finances before you require assistance. This guide is one of many resources available from the ABA Foundation to help you start your financial caregiving journey.

## What is a financial caregiver?

A financial caregiver is someone you trust and choose to help oversee your finances. Your caregiver can perform tasks such as:

- **Arrange bill payments to avoid delinquency**
- **Make deposits**
- **File insurance and benefit claims**
- **Make savings and investment decisions**
- **Prepare taxes**
- **Review accounts and watch for potential fraud**



## Why a financial caregiver is important

Are you prepared if you become unable to make financial decisions or take care of your financial affairs? It is essential to have a plan detailing how to carry out your wishes and manage your money if the unexpected happens. Consider the following scenarios:

- **Emergency** – If a medical emergency occurs, even a short hospital stay, how will you take care of your finances? A financial caregiver can monitor what bills need to be paid, when and from which accounts. Once the emergency has passed, you can retain your caregiver’s help or resume managing your own finances.
- **Fraud** – Older adults are often targets of financial fraud, abuse and scams. An estimated 10% to 20% of older adults are victims of financial exploitation. Annual aggregate losses range in the billions, while AARP reports that per person losses average upwards of \$120,000.<sup>1</sup> A financial caregiver can review your accounts to watch for signs of fraudulent activity and help resolve issues.
- **Cognitive concerns** – Columbia University researchers found that nearly 10% of people age 65 and older have dementia, “while another 22% have mild cognitive impairment.”<sup>2</sup> Personal finance skills are often the first to decline when people experience such cognitive impairments.<sup>3</sup> Identifying a financial caregiver who can step in and support you is vital to protecting your financial affairs.



Additionally, taking care of financial details can be time-consuming and overwhelming, whether you are managing bills or focusing on investments and taxes. Ever-changing technology may complicate things further, making it even more prudent to get help from someone you trust.

<sup>1</sup> <https://www.aarp.org/ppi/banksafe/>

<sup>2</sup> <https://www.cuimc.columbia.edu/news/one-10-older-americans-has-dementia#:~:text=In%20the%20first%20nationally%20representative,22%25%20have%20mild%20cognitive%20impairment.>

<sup>3</sup> <https://www.kiplinger.com/article/retirement/t066-c022-s001-prepare-for-the-financial-impact-of-alzheimer-s.html>



## When should you identify a financial caregiver?

It is never too early to identify a financial caregiver. You never know where life may take you and when you may need assistance. It is not easy to expect the unexpected, but it would be wise to choose a financial caregiver before any physical, mental or other health issue arises.

## How to choose your financial caregiver

Many people choose an adult child, a family member or friend they trust to be their financial caregiver. When choosing a caregiver, consider people who manage their own finances well and who are:

- **Detail-oriented**
- **Capable of meeting deadlines**
- **Good communicators**
- **In good health**
- **Patient**
- **Reliable**
- **Attentive**
- **Understanding of your wishes**

Avoid potential candidates who do not have these qualities, make you feel uncomfortable about sharing your financial details or intimidate you. **Finding a trustworthy person is crucial.**



**Now is a good time to talk with loved ones about a financial caregiving plan.**



**Consider selecting a backup person in case the primary financial caregiver is unable to help.**

## How to start a conversation with a potential financial caregiver

Asking someone to be your financial caregiver is an important conversation. Below are some tips to help you plan your conversation:

- Choose a comfortable and quiet environment where you can have a private conversation. Discussing this topic at a busy restaurant, for instance, would not be an ideal choice.
- Plan enough time to cover the details. But keep in mind you may need to have more than one conversation.
- Share your specific needs, which may include requesting that your financial caregiver:
  - Understands your finances in case you have questions
  - Helps ensure that you pay your bills on time
  - Manages your finances
  - Reviews your accounts
  - Watches for signs of fraud or scams

### Here are some potential conversation starters:



Since conversations about finances can sometimes be awkward, the person you have in mind may not immediately agree. You will want to reinforce how important this is to you, how much a caregiver’s help would be appreciated and talk about practical solutions to address any concerns.



Potential Caregiver Response	Suggested Response
<p><b>“I am not comfortable knowing your finances.”</b></p>	<p>“I know we’ve never talked about this before, but I trust you and need your help. It is very important that I have plans in place and I want to make sure I prepare ahead of time to protect my finances.”</p>
<p><b>“I am afraid this will be a problem with other family members.”</b></p>	<p>“I will talk with them and explain that this is what I want and that this is my decision.”</p>
<p><b>“I want to help, but I don’t really have the time.”</b></p>	<p>“I know you are busy. We can work together to set things up so that it is not time-consuming for you. As long as I am able, I will be taking care of day-to-day details, so your help may begin slowly and increase only if my health declines or an emergency arises.”</p>



Ongoing conversations are critical so you can adjust your caregiving plan as your needs change. You may seek help with specific tasks at the beginning of your relationship and then add more responsibilities later.

Having someone who already knows your financial situation makes it much easier for that person to take on a more prominent role in the future if necessary. **If an individual remains reluctant to serve as your financial caregiver after repeated requests, it may be prudent to select another person.**

## How to help your financial caregiver

Share your financial information with your chosen financial caregiver. This will take some time and planning. The first step is to get organized with a financial inventory. Use the checklist below to help you identify potential financial items to share. You will also want to set up automatic payments and deposits to help your financial caregiver better monitor your finances.

### Financial accounts

- Certificates of deposit
- Checking accounts (and debit cards)
- Credit cards
- Investment accounts
- Retirement accounts
- Health savings accounts
- Savings accounts
- Business interests/royalties

### Living expenses

- Telephones (Cellphone, landline)
- Utilities (Electricity, gas, water)
- Internet/cable TV
- Property taxes
- Rent
- Subscription services
- Funds for grocery/clothing/travel/miscellaneous

### Property

- Property (Primary residence, rental property, etc.)
- Antiques/art/jewelry/collections
- Vehicle(s)
- Safe deposit box
- Digital assets/web passwords

### Loans

- Auto(s)
- Mortgage/home equity
- Education
- Personal

### Insurance

- Auto
- Disability
- Homeowners/renters
- Life
- Long-term care
- Medical
- Medicare
- Umbrella

### Income

- Annuities
- Business income
- Insurance payments
- Investment interest
- Dividends
- Military benefits
- Pension
- Retirement income
- Salary
- Social Security

### Professional services

- Accountant
- Attorney
- Insurance agent
- Financial advisor
- Doctor/dentist
- Business interests

### Home services

- House cleaner
- Plumber/electrician/pest control
- Handyman
- Gardener/landscaper
- Home health aide



## Different types of financial caregivers

Depending on your situation, you may require a specific type of support. There are different types of financial caregivers with different levels of responsibility. The list below highlights some of the options you may want to consider with your financial caregiver. Note that as your needs evolve, you may begin with one path and then move to another.

- **Conversation partner** – A conversation partner may periodically review and discuss your account statements and join you when you visit your bank or connect with your financial advisor. These visits can serve as both an introduction to your finances and an opportunity for your caregiver to better understand your finances and ask questions.
- **Bookkeeper/personal assistant** – This person may open your mail, prepare and make deposits, arrange checks for your signature or be a signatory on checks for a checking account. This individual may have additional duties, such as planning and assisting with required minimum distributions from retirement accounts and/or moving money to help you pay for larger expenses.
- **Trusted contact person** – Financial institutions may allow you to add trusted contact information to your account. It is the name and contact information of someone you identify so that if your financial institutions have any concerns about your well-being or cannot reach you, they can notify your trusted contact. Trusted contacts do not have access to your account information, and they cannot give orders or transact business in your accounts.
- **Signatory on a convenience account** – This type of account allows someone to make deposits or withdrawals on your behalf, but the account is still in your name and belongs to you. The signatory only helps you manage it.

- **Veterans Affairs (VA) Fiduciary or Social Security Administration (SSA) Representative Payee** – These financial caregivers only manage benefits from the VA or SSA, respectively, and are required to fill out government forms to establish the ability to direct payments.
- **Agent under a Durable Power of Attorney (DPOA)** – One of the most beneficial ways to formalize a financial caregiver relationship is through a Durable Power of Attorney (DPOA). The DPOA spells out the authority you provide to your financial caregiver, defined legally as your agent or an attorney-in-fact, to take care of your finances. The actions may be the same as in your informal relationship, but making it formal with a DPOA helps in several ways:
  - o Your agent has a legal fiduciary duty to act in your best interest.
  - o If you can no longer make financial decisions, the durable aspect of the power of attorney enables your agent to continue to take care of your financial details until you pass away.
  - o If a DPOA is not in place, your family may need to seek a court-ordered guardianship or conservatorship when you can no longer make financial decisions. Court processes are often expensive, complex and time-consuming, and are not ideal if your loved ones have to deal with an emergency situation.
  - o Your agent is only authorized to act as stipulated by you in your DPOA.

You can always change your agent. Similarly, you can change what your agent can do, which is often governed by the state laws where you signed the DPOA.

Contact your lawyer or state bar association for a referral to establish a Durable Power of Attorney. Once you set up and sign the DPOA, share the information with your agent, family and relevant professionals, including banks, insurance agents and financial advisors.



**You can choose your financial caregiver to serve as your DPOA, but you can also select a trust officer, accountant or attorney.**

## Start your financial caregiving journey

Identify a financial caregiver and get your affairs in order early so that if something happens, you have plans in place to protect your finances. Remember, people don't plan to fail but rather fail to plan, so it's important to get started today!

### Additional resources

- [ABA.com/Caregiving](https://www.aba.com/caregiving)
- [American Association of Daily Money Managers](https://www.aadmm.com/)
- [Consumer Financial Protection Bureau](https://www.consumerfinance.gov/)
- [Eldercare Locator](https://www.eldercare.gov/)
- [National Alliance for Caregiving](https://www.nacaregiving.org/)
- [Family Caregiver Alliance](https://www.familycaregiveralliance.org/)

