Financial Tips for Caregivers

Caring for a parent, spouse or other loved one is a labor of love that comes with a lot of responsibilities. While it's hard to put a price on this assistance, the fact is it often comes with real costs for caregivers — financial and emotional. AARP research found that family caregivers spend an average of $7,200 of their own money every year.

That’s why AARP has created a comprehensive planning guide to help caregivers organize their financial lives. Peace of mind is critical to well-being and the quality of care you can provide. To begin, take the following three steps.

STEP ONE: Get your own financial house in order when it comes to managing your loved one’s care at home.

- Inventory all the costs of your loved one’s life at home, including mortgage/rent, utilities and transportation.
- Add up any expenses you routinely cover, from groceries to help with property taxes, homeowners and car insurance, or gas.
- Make sure you and your loved one have a safe to store important documents, such as wills, marriage certificates and life insurance policies.

STEP TWO: Make a management plan for your money and your loved one’s money.

- Budgets should be active documents that you use to track overall cash flow and spot any gaps that could make you dip into savings or go into debt.
- Financial planning as a caregiver means making three budgets: 1) your overall income and expenses; 2) your caregiving income and expenses; 3) your loved one’s income and expenses.
- As you create these budgets, be sure to list every expense, not just major bills; calculate all income from all sources; and document exact expenses where possible.

STEP THREE: Talk with your loved one and make a plan for all the aspects of their health, including illness, end-of-life care and death.

- No one can store every detail of a loved one's health care in their heads. Write down health insurance numbers, co-pays, prescriptions and accommodations needed to access care. Then make a copy and put this information in a safe place.
- Create a “team roster” for routine, emergency and backup care. Include contact information for health, hospital, pharmacy, vision and dental care — and then add others who can help, such as family members, faith leaders and neighbors.

RESOURCES

AARP Financial Workbook for Family Caregivers: AARP.org/caregivermoney

AARP Caregiving Resource Center: aarp.org/caregiving

AARP Financial and Legal Resources for Family Caregivers: aarp.org/caregiving/financial-legal

AARP Budgeting and Saving: aarp.org/money/budgeting-saving

TAKE ACTION:

If passed, a bipartisan bill in Congress would create a tax credit for family caregivers to help defray the costs of caring for loved ones. Contact your Members of Congress today and urge them to pass the Credit for Caring Act now! https://action.aarp.org/secure/congress-credit-caring-act

aarp.org/caregiving