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FINANCIAL PLANNING

The Financial Strain of Caring for an Elderly Parent or Loved One



By Christine Messmer, M.S.F., CFP®

Anyone who has ever been in this position or knows someone who has been in this position understands that family caregivers offer help without charge even though they contribute their time, their energy, their well-being and often their financial resources.

According to the U.S. Bureau of Labor Statistics from a couple years ago; there are 41.3 million unpaid caregivers in the U.S. with the majority of them being women. An AARP study from a couple years ago stated that caregivers spend an average of nearly \$7,000 per year out of pocket, and the amount increases when the person being cared for requires more help with daily activities or suffers with ill health.

From a financial planning viewpoint, it has been my experience that clients are concerned about meeting their own financial needs let alone the needs of an aging parent. The emotional and physical toll in combination with the financial consequences of caregiving creates tremendous stress. Caregivers often have to cut back the hours they work to take loved ones to appointments, they often must modify their own spending and saving for their own retirement. Even if the person being cared for is relatively independent; family caregivers must always be available to assist. In some cases, when loved ones live with caregivers, the caregivers give up privacy and life is somewhat on hold since they do not know what will be next, what to expect or how life may change as their loved one loses independence. Oftentimes, caregivers really do not realize the financial impact of caregiving until the financial consequences take a toll.

Consequently, people in a position of caregiving must do financial planning. Financial planning for themselves and for their loved ones is critical. Armed with a

plan, caregivers will better understand the financial consequences and therefore, they will feel more in control which reduces some stress. More often, as a financial advisor, I meet with people who are caring for their own children and their elderly parent or parents at the same time.

Here are some considerations if you are a family caregiver:

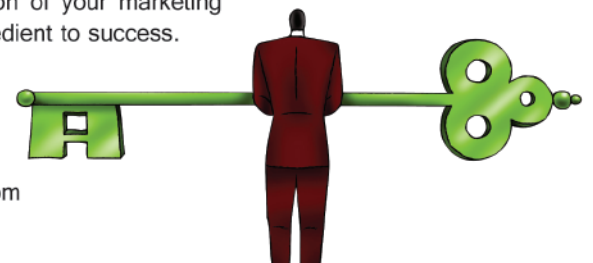
- Preserve your own assets as much as possible;
- Review the costs of care and determine if sustainable;
- Be realistic about your own current and future financial needs;
- Know your loved one's financial situation;
- Have a contingency plan in place for a loved one's care;
- Take advantage of available benefits -
 - Visit the following: www.benefitscheckup.org and eldercare.gov
- Be sure your loved one has current estate planning documents:
 - a medical directive
 - durable health care power of attorney
 - durable power of attorney for finances
 - a last will or a living trust

Sources: <https://www.aarp.org>; www.caring.com; www.bls.gov. Unpaid Eldercare in the United States - 2015-16 Summary; www.christinemessmer.com : The Cost of Caregiving. Broadridge Investor Communication; Solutions, Inc. 2018.



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