Financial Caregiving:

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A Guide for Family and Professional Caregivers

Developed for the Foundation for Financial Planning through a grant to the New Mexico Project for Financial Literacy
### Table of Contents

Financial Caregiving: Making Families Safer ................................................................................................. 1

**Class 1: Introduction** ................................................................................................................................. 1
- Situation One: .................................................................................................................................................. 2
- Situation Two: ................................................................................................................................................ 2
- Situation Three: ............................................................................................................................................ 2
- Behavioral Strategies .................................................................................................................................. 3
- Behavioral Strategy #1: Involve a Trusted Third Party ............................................................................... 3
- Behavioral Strategy #2: Make Things Easy ............................................................................................... 3

**Class 2 – Documentation, Record Keeping, Bill Paying** ............................................................................. 5
- Ellen remembers .......................................................................................................................................... 5
- Jan says ....................................................................................................................................................... 7
- Can this information be easily located during a period of incapacity? ....................................................... 9
- Behavioral Strategies .................................................................................................................................. 10
- Behavioral Strategy #3: Take Advantage of Opportunities Which Arise .................................................. 10
- Behavioral Strategy #4: Powerful Stories and Examples ......................................................................... 11

**RECORD RETENTION** ................................................................................................................................. 12

**Class 3 Planning for LTC, Managing Personal Finances for Longevity** ...................................................... 14
- Financial issues as we age: .......................................................................................................................... 14
- Behavioral Strategy #5: Use a “listening” strategy .................................................................................. 17
- Behavioral Strategy #6: Research needed information and resources ...................................................... 18

**AARP** Phone: 888-687-2277 ..................................................................................................................... 19
- 601 E Street, NW, Washington, DC 20049, on the web at http://www.aarp.org ........................................ 19

**Class 4 Fraud and abuse, identity theft** ........................................................................................................ 20
- Behavioral Strategies #7: Do Simple Things First .................................................................................... 21
- Behavioral Strategies #8: Negotiate ............................................................................................................ 22
- Behavioral Strategies #9: Appeal to values which are important to the person ....................................... 23
- Behavioral Strategies #10: Have an accountability partner ..................................................................... 23
- Common Values ......................................................................................................................................... 23

**Family Values Map Example** .................................................................................................................... 24

**Classes 5 and 6 Estate Planning and Optional POA Workshop** .................................................................... 26

**Financial Caregiving – How to Organize and Conduct a Class** .................................................................... 31

**Instructor Notes** ......................................................................................................................................... 32

**Wall Chart** .................................................................................................................................................. 33

**Financial Caregiving Course Assessment** .................................................................................................. 34

**Financial Caregiving Course Evaluation** .................................................................................................. 35
The financial topics of aging are complex and include tasks such as investment withdrawal strategies, asset liquidation tax strategies, choosing the best age for claiming Social Security, choosing a Medicare supplemental plan, crafting long term care strategies, and figuring out how to maintain one’s home. It can be a challenge for each of us to tackle these tasks when already facing our changing energy and abilities or with managing caregiving duties for a family member.

Even slight changes in mental abilities, due to normal aging, can result in impaired financial judgment and decision-making. Financial decisions, after all, are among the most complex which we make, and many people handle their financial decisions haphazardly even in their younger years. As we age, the stakes get higher and it is harder to recover from financial missteps. Incomes become more restricted as people retire and inflation can erode fixed incomes. Poverty rates are increasing as people age. Seniors are targeted because they have assets, income, and may be physically vulnerable.

A 2000 article in the Journal of the American Medical Association reported on research among a control group and two sets of patients with Alzheimer’s disease, those who were only mildly affected and those who were moderately affected. “Financial capacity” was measured in “simple” tasks such as naming and counting coins, making purchases, and writing a check, as well as “complex” tasks such as defining financial concepts and making an investment decision.

The study concluded; “Financial capacity is already significantly impaired in mild AD. Patients with mild AD demonstrate deficits in more complex financial abilities and impairment in most financial activities.”

In addition, Neurology(R) 2002 reported the conclusions of a study with those with Mild Cognitive Impairment using the same test for financial capacity. Study participants with MCI “demonstrated impairments in [financial] domains of conceptual knowledge, cash transactions, bank statement management, and bill payment, and in overall financial capacity.”
Situation One:

Everyone is fine, we are living our lives, things are good.

Situation Two:

Someone is not ok. There is an illness or accident, or you become aware of cognitive decline in a family member.

Situation Three:

A family member is no longer here.

When is it easiest to plan? Which situation gives us the most time and choices?

So, when do we usually plan? Is it often when there is a problem?

Why do we often delay in our planning?

Examples;

  - No time, busy, not a priority
  - I don’t know enough about what is involved or where to begin
  - Worry about family conflict
  - Our family doesn’t talk about things like that
  - When our family tries to talk, everyone reverts to childhood roles
  - Subject makes me uncomfortable
  - It’s overwhelming
  - It will be expensive

If you had an ideal plan with all of your family members, what would that look like? What would you have in place?

Examples;

  - The plan honors the values of the client
  - The plan is clear
  - The plan is simple
  - Everyone agrees
  - Easy to administer
Behavioral Strategies

Strategies for Siblings (and Families) – avoiding the “Cage Fight”!

Family discussions may bring to the surface old resentments and childhood roles. Have you ever found yourself reverting to childish behaviors when dealing with family members? What are some ways to keep family discussions focused on the current situation?

- Use ground rules
- Set boundaries
- Have one objective for each conversation
- Deal with one issue at a time
- Listen without interruption
- Refrain from second-guessing decisions already made unless they compromise the senior’s safety
- Move from where you are rather than revisiting past hurts and grudges
- Don’t sweat the small stuff
- Identify special situations, such as long distance caregiving or the incapacity or toxicity of another family member

Behavioral Strategy #1: Involve a Trusted Third Party

Sometimes a parent will not listen to an adult child, (or a child to a parent, or spouses to each other), or take the discussion seriously. Who else would be willing to engage in these discussions with you and your family? What are the roles of medical, legal, and financial advisers in your family’s life? Are there other family members or friends who can be engaged in the process?

Have you successfully used this strategy in the past? Can you think of ways to apply it in the future?

Behavioral Strategy #2: Make Things Easy

What can you do to make it easy for a family member to take action? Can you set up appointments, provide transportation, obtain forms, do research on a family member’s behalf?
Have you used this strategy in the past? Can you think of ways to apply it in the future?

Class 1 Goal:

What one step can I take before Class 2 to move toward better planning with my family?
Specific, attainable, measurable. ____________________________________________________________

__________________________________________________________

Resource: Introduction to Financial Caregiving


Staying comfortable and engaged as we struggle with impairments –

Melinda’s story –

“When my mother-in-law’s macular degeneration made it almost impossible to read, she was given a device to magnify on her TV set anything she wanted to read, e.g., a bill, and also was signed up for the books on tape program where she was given a special player that plays at an adjustable slower speed than a standard player. She also could order and return books easily thru the mail with pre-stamped/addressed envelopes.

“For my mom, I found out that there is a certain spectrum of light that helps you see better when macular degeneration sets in, and you can order special lamps that put out this type of light. For the hearing impaired, you can get telephones that do similar to what closed captioning does on TV, but it displays it for voice on this special telephone, etc.

“But people need to know what exists and the types of services they provide and if there are costs associated with the services. And what is available does vary state by state. I know I spent a lot of time tracking this type of stuff down for my mom when we were trying to get her as much quality of life as we could provide.

“These tools enable the elderly to participate longer in their financial lives and relieves some of the burden from the caregiver.”

Resources (These are examples in New Mexico. Seek similar organizations in the appropriate State)

State of New Mexico Commission for the Blind http://www.cfb.state.nm.us/
New Mexico Commission for the Deaf and Hard of Hearing http://www.cdhh.state.nm.us/
Disability Rights New Mexico http://www.drnm.org/
Discuss;

What are the risks in these situations?

Case 1: Mark has gotten behind on managing his mail since his wife’s death. He sometimes finds old bills at the bottom of a stack of envelopes, and is not sure whether or not he has paid his bills.

Case 2: Erin has never had a bank account. She likes to pay her bills in person, by walking around her neighborhood when the distance isn’t too far. When needed, she will buy a money order at the grocery store.

Case 3: Sylvia has not retitled any accounts since the death of her husband. Their checking account is in his name only, and she continues to write checks from this account.

Case 4: Ted keeps his checkbook locked in a safe in his attic. His account statements are stored with other receipts and paperwork in boxes in his garage.

What are some characteristics of a good financial recordkeeping system?

Ellen remembers;

(1) “As my parents got older, I would ask: ‘Did you make your will?’ The answer was always ‘No’. Finally they got around to doing that and naming me executor. That was about all the planning they did. My father thought he was going to live to be 100. (Is that a good thing?) My mother died three years before my father, and when he was gone, my sister and I were left with 25 years of accumulated "stuff" residing in a 100 foot barn and a three story house two and a half hours away from our homes. We would meet once a week and try to sort things out. The goal was to have an auction in six months’ time.

(2) “My sister and I had no idea where the bank account was located, where they kept their will or if they had an investment account. So we started digging. In my mother’s ceramic
studio, there was a filing cabinet filled with catalogs, clippings, details for her work. Inside the top drawer, under some loose papers was a bank book. I looked at my sister and said: "Do you think this is current?" By that time she had found a checkbook under another pile of magazines, but it was a different bank and account. We found out later that both accounts were still open.

(3) “There were lots of episodes like that. We were searching and guessing. We even had a recommendation from my father’s brother to rip up the floor boards! My father was known to be a secretive person; someone who might store dollars in a bedpost, rather than put it in a bank. We didn’t rip up the floor boards; we were just too tired trying to sort everything else out. But we did almost miss a box of gold bullion that was squirreled behind a door jamb in a closet. We were making a final check of all the bedrooms just before the auction, and for some reason I walked into the closet and turned around to come out and spotted the box. At first I thought it was just another heavy box of ‘stuff’ only to discover the gold maple leaves. I picked up the box, ran down the stairs, and shouted to my sister: ‘I’ve hit the mother lode!’

(4) “We had a good laugh. Somehow we managed to keep our good humor throughout, but it certainly would have been nice if my parents had addressed their personal issues themselves, left an account of where important papers were located, and downsized their belongings.”

Your family member may already have taken steps to simplify his/her life by seeking a simpler living situation; a smaller home or apartment, assisted living, or some other type of alternative living situation. If so, they have probably already disposed of some belongings and furniture. If not, you may be in Ellen’s situation, clearing a house and a barn!

What do you already do to keep your financial record keeping orderly? What tools do you use?
What other tools are there for simplifying your or your parents’ financial lives? What is available from family members, from financial professionals, from non-profits, and tools provided by banks, credit unions, and online?

What are some characteristics of a good record keeping and bill-pay system?

Simplifying one’s financial life may include closing unneeded credit card accounts, eliminating duplicate bank accounts and consolidating investments with one company. Using automatic bill-pay tools and direct deposits for income can prevent a senior from forgetting to pay a bill.

Managing one’s finances is usually a private, sometimes even a secretive, activity. It may be a new and unwelcome idea to share one’s finances with other family members or with a professional such as a bookkeeper. One family found that transparency helped them reduce the drama in caregiving with their father.

Jan says,

(1) “My sister and I lived far from our dad during the last decade of his life. We both had online access to his checking account and to his investment account. I would check in every once in a while, more often as he got older and became somewhat forgetful. All of his routine bills, like utilities, were paid automatically. His pension and Social Security payments were directly deposited.

(2) “We had plenty to do trying to arrange care-giving for him long distance; we were happy that we didn’t have to worry about the financial situation as well. Our dad kept all of his financial records in one place, and I did his taxes every year, so after his death, there were really no surprises. He had arranged to donate his body to the local medical school and specified no memorial or obituary. I was really glad to have written instructions from him. When friends or family members questioned our actions, and they did, I could truthfully say that I was following his instructions. I was rather surprised by the number of people who had an opinion about what we ‘should’ have done to memorialize our dad!
(3) “We also needed to know where my dad kept his keys, wallet, and address book, as well as his passwords for his email account and other online accounts such as Facebook and Linked-In.”

Jan and his sister and father all had access to the same information – no surprises. Online tools are a great way to promote transparency in the senior’s financial situation.

For many families, documenting one’s financial life is as simple as keeping all pertinent records in a single location such as a box or filing cabinet. This may include tax records, insurance policies, utility bills, vehicle information, investment statements, and purchase records for big ticket items.

Jan’s dad Peter, for example, had some expensive musical instruments, collectibles, and art.

Peter behaved thoughtfully by not only including his children in his financial life, but also by specifying his memorial wishes and disposition of his remains. His children appreciated the comprehensiveness of his planning; they did not have to guess about what his wishes were. And though there was worry about his caregiving, the financial aspects of the situation were as worry-free as possible.

Desirable characteristics for financial record keeping may include;

- Simplicity and consolidation
- Transparency
- Documentation
- Comprehensiveness
- Worry-free
- Neither too much nor too little
- Secure disposal of no-longer needed documents

Can this information be easily located during a period of incapacity?

- Healthcare information; insurance cards, healthcare records, contact info for primary care physician and specialist physicians, list of current medications, list of allergies
- Contact information for spouse, parents, children, siblings, work contacts, friends, and charitable involvements; address book, email contact list
- Calendar
- Professional contact list; attorneys, CPA or tax person, financial advisor, veterinarian, computer guy
- Online activity; master password, password manager password or list of passwords needed for online banking, investing, EBay, PayPal, airline miles, access to photographs or online documents, email accounts, Facebook, LinkedIn.
- Paper documents if used; recent bank statements, checks, investing statements, utility bills, credit card statements, tax-related documents, back taxes; notes on benefits received such as Social Security, pensions, military benefits (most likely will be with tax records), credit report, cell contract, cable / dish contract
- Location of safe deposit boxes or off-site storage, notes on anything locked or hidden (jewelry box, safe)
- Memberships and subscriptions
- Debts owed; statements for mortgage, property taxes, credit cards, auto loans, personal and other loans
- Debts owed to you
- Homeownership contact list; plumber, roofer, electrician, landscaper, cleaner, other maintenance
- Insurance documents; life, auto, property, VA, health, LTC; medical records and tests
- Deeds and titles to houses, land, vehicles, purchase information for large ticket items and securities, warranties, serial numbers such as VIN and for computers and laptops
- Legal; wills, trusts, POA’s other legal, letter of instructions, funeral wishes
- Marriage and divorce documents, prenuptial agreements, military records, birth records, naturalization papers, passports, adoption records (keep copies of these important documents offsite or scanned and backed-up offsite)
- Keys, copy or scan of what you carry in your wallet
- Security codes (keypad)
- Pet / plant care instructions
Behavioral Strategies

Behavioral Strategy #3: Take Advantage of Opportunities Which Arise

Mark saw his dad’s auto insurance bill lying on the table and took the opportunity to review with him;

(1) “Hey, Dad, can I take a look at your bill? I’m curious about your coverage.” His dad’s 1994 Ford Ranger pick-up and other two vehicles were insured “to the max” with the lowest deductibles, being driven perhaps 3,000 miles per year. “You know, Dad, I think you’re spending too much on insurance.”

(2) “What should I do?”

“Well, what do you think the Ford is worth?”

“I don’t know, I paid $7,000 for it. It’s worth about $1,000 maybe.”

“You are paying $600/year to insure it. What do you think you’d do with it if it were totaled in a wreck?”

“Probably just get rid of it.”

(3) Mark got permission from his dad to speak to the insurance agent and review all of the coverages. (This is a good example of inappropriate financial products being sold to a senior, and advantage being taken by the insurance agent, who clearly knew, or should have known, that Mark’s dad was over-insured for his age, driving habits, and needs.)

(4) Mark is respectful and gentle in his approach to his father. He says that when he visits his father, he will take a look at his father’s mail and listen for the content of incoming phone calls. He does not attack or threaten, and keeps up a constant dialogue with his dad about financial matters. He may question some expenditures, “Do you always donate $500?” while being quite aware that his dad’s money is, well, his money.

Any change in a person’s health status is an opportunity to open a discussion about increased support, such as in-home care, help with household chores, or assistance in managing finances. A friend took the opportunity of her mother’s hospitalization to discuss an in-home healthcare aide with her, and gave the daughter an opportunity to investigate and interview several care-
givers. Their experience with the temporary help gave them a resource for the future when her mother needed more intensive support to remain at home.

Tax time is another great check-in time for financial record keeping and documentation. Does a parent have access to reliable tax services? Are their records in good order for their preparer? Do they have older records which can be shredded? Do you keep copies of your parents’ taxes?

Behavioral Strategy #4: Powerful Stories and Examples

What are the stories you have heard of good and not-so-good financial record-keeping?

In recent years, media attention has highlighted extreme cases of hoarding, which represent the ultimate poor recording keeping! When we eavesdrop on such households electronically, we can observe lost checks and disordered finances. Matt Paxton of “Hoarders”, in his book “The Secret Life of Hoarders” says that hoarding is invariably accompanied by financial hardship. In one case, the cleaning crew discovered 25 years of unopened mail.

Unfortunate situations such as these, publicized on television or in other media, can become a talking point with parents or spouses about related issues of documentation. “Wow, I bet they struggle come tax time! That reminds me, I have a box of documents to take to be shredded. Do you need a hand clearing out any of your records?”

Set a financial record keeping, documentation, or bill-pay goal to accomplish before the next class.
### RECORD RETENTION

Here are some general guidelines but check with your tax or legal advisor before destroying. Go through records once a year to weed them out.

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident reports &amp; claims</td>
<td>keep 3-6 years</td>
</tr>
<tr>
<td>Adoption papers</td>
<td>keep permanently</td>
</tr>
<tr>
<td>Appliance receipts</td>
<td>keep as long as you own the appliance</td>
</tr>
<tr>
<td>Art and antique receipts</td>
<td>keep as long as you own the item</td>
</tr>
<tr>
<td>ATM receipts</td>
<td>keep until reconciled with bank statement</td>
</tr>
<tr>
<td>Auto insurance policy</td>
<td>keep as long as you own or until the statute of limitations runs out in the event of a late claim</td>
</tr>
<tr>
<td>Auto records (maintenance, repairs, registration, title)</td>
<td>keep as long as you own the vehicle</td>
</tr>
<tr>
<td>Bank deposit receipts</td>
<td>keep until reconciled with bank statement</td>
</tr>
<tr>
<td>Bank statements</td>
<td>keep for 3-6 years if needed for tax records</td>
</tr>
<tr>
<td>Birth certificate</td>
<td>keep permanently</td>
</tr>
<tr>
<td>Canceled checks</td>
<td>keep until reconciled with bank statement unless needed for tax records</td>
</tr>
<tr>
<td>Citizenship papers</td>
<td>keep permanently</td>
</tr>
<tr>
<td>Clothing receipts</td>
<td>keep for the length of the return period</td>
</tr>
<tr>
<td>Computer equipment receipts</td>
<td>keep as long as you own the equipment</td>
</tr>
<tr>
<td>Contracts</td>
<td>keep for life of contract, plus 3 years</td>
</tr>
<tr>
<td>Credit card receipts</td>
<td>keep until purchase appears on credit card statement, if not needed for warranties, merchandise returns or tax records</td>
</tr>
<tr>
<td>Credit card statements</td>
<td>keep for 3 months unless needed for tax records</td>
</tr>
<tr>
<td>Death certificate</td>
<td>keep permanently</td>
</tr>
<tr>
<td>Dividend payment records</td>
<td>keep until you receive the annual statement, then only keep statements</td>
</tr>
<tr>
<td>Divorce decree</td>
<td>keep permanently</td>
</tr>
<tr>
<td>Furniture receipts</td>
<td>keep as long as you own the item</td>
</tr>
<tr>
<td>Health insurance</td>
<td>keep until policy expires, lapses or is replaced</td>
</tr>
<tr>
<td>Home appraisal</td>
<td>keep as long as current</td>
</tr>
<tr>
<td>Home improvements &amp; renovations</td>
<td>keep as long as you own your home, plus 3-6 years. Make sure that you get the satisfaction of lien from the contractors doing the work.</td>
</tr>
<tr>
<td>Home repair receipts</td>
<td>keep for life of warranty</td>
</tr>
<tr>
<td>Homeowners’ insurance policy</td>
<td>keep until the policy expires, lapses or is replaced or until the statute of limitations runs out</td>
</tr>
<tr>
<td>Household inventory</td>
<td>keep as long as current</td>
</tr>
<tr>
<td>Document Type</td>
<td>Retention Period</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Insurance policies</td>
<td>Keep while you own the policy or until the statute of limitations in the event of late claims.</td>
</tr>
<tr>
<td>Investments (purchase records)</td>
<td>Keep 3-6 years after it is sold as evidence of cost.</td>
</tr>
<tr>
<td>Investments (sales records)</td>
<td>Keep until transactions are correctly reflected on your statement.</td>
</tr>
<tr>
<td>IRA records</td>
<td>Keep permanently.</td>
</tr>
<tr>
<td>Lease</td>
<td>Keep for 3-6 years beyond the agreement.</td>
</tr>
<tr>
<td>Life insurance policy</td>
<td>Keep until there is no chance of reinstatement.</td>
</tr>
<tr>
<td>Life insurance premium receipts</td>
<td>Keep until policy notice reflects payment.</td>
</tr>
<tr>
<td>Major purchase Receipts</td>
<td>Keep for life of the item if replacement value is higher than deductible on insurance policy.</td>
</tr>
<tr>
<td>Marriage certificate</td>
<td>Keep permanently.</td>
</tr>
<tr>
<td>Medical (physician bills, prescriptions, hospital bills)</td>
<td>Keep for five years after treatment has finished for particular ailment.</td>
</tr>
<tr>
<td>Military records</td>
<td>Keep permanently - they may be needed for veteran's benefits.</td>
</tr>
<tr>
<td>Mortgage documents</td>
<td>Keep for 3-6 years beyond the agreement.</td>
</tr>
<tr>
<td>Mortgage statements</td>
<td>Keep for period of ownership plus 3-6 years.</td>
</tr>
<tr>
<td>Passport</td>
<td>Keep until it expires.</td>
</tr>
<tr>
<td>Pay stubs</td>
<td>Keep until reconciled with W2.</td>
</tr>
<tr>
<td>Power of Attorney</td>
<td>Keep permanently.</td>
</tr>
<tr>
<td>Real Estate Records</td>
<td>Keep as long as you own the property, plus 3-6 years.</td>
</tr>
<tr>
<td>Resume</td>
<td>Keep as long as current.</td>
</tr>
<tr>
<td>Retirement/Pension records</td>
<td>Keep permanently.</td>
</tr>
<tr>
<td>Safe-deposit box inventory</td>
<td>Keep as long as current.</td>
</tr>
<tr>
<td>Tax records (supporting documentation)</td>
<td>Keep 3-6 years.</td>
</tr>
<tr>
<td>Tax returns (1040 &amp; schedules)</td>
<td>Keep 7 - 10 years.</td>
</tr>
<tr>
<td>Trust</td>
<td>Keep permanently.</td>
</tr>
<tr>
<td>Utility bills</td>
<td>Keep one year to track annual usage unless needed for tax records.</td>
</tr>
<tr>
<td>Warranties and instructions</td>
<td>Keep for the life of the warranty or as long as you own the item.</td>
</tr>
<tr>
<td>Will</td>
<td>Keep current version permanently.</td>
</tr>
</tbody>
</table>

The 6-year rule applies to those with more complicated returns like the self-employed. The IRS has six years to do an audit, if it suspects you underreported your income by more than 25 percent.  

- Get Organized DC - free monthly newsletter at [www.getorganizeddc.com](http://www.getorganizeddc.com)
Class 3 Planning for LTC, Managing Personal Finances for Longevity

Financial issues as we age:

- Social Security decision
- Spending strategies and how much cash to have on hand
- Tax planning
- Housing choices and long-term care
- Debt planning

Social Security Retirement Benefits; factors to consider

- Family longevity
- Personal health
- Earning capacity and desire to remain employed
- Other sources of retirement income

Social Security Retirement Benefits; basics to know about

- How it is calculated
- Divorce rules
- Penalties for taking it early
- Restricted spousal benefit
- Taxable

Social Security Retirement; information resources

http://www.socialsecurity.gov/

http://www.socialsecurity.gov/estimator/

http://www.aarp.org/ - numerous Q&A sections and retirement calculators

Spending and cash strategies; factors to consider

- How much is annual household spending?
- Of annual spending, how much is covered by guaranteed income, such as Social Security and pensions?
- How much is the annual “spending gap” between household spending and guaranteed income?
Spending and cash strategies; basics to know about

How much cash to hold; two to three years of your spending gap
What are some of the events which would cause a need for cash?
Harvest higher performing parts of the portfolio
If all asset classes are down, postpone withdrawals

How to spend down your savings; three conservative strategies

1) 4% rule of thumb

   Example; if you have investments of $100,000
   4% of $100,000 = $4,000, or $333.33/month.

2) RMD / actuarial approach

   Example: if you have investments of $100,000 and are 66 years old, (See Table 1)
   $100,000 divided by life expectancy of 20.2 = $4,950, or
   $412.54/month

3) Income only

   Check your year-end statement. For example, if your $100,000 generated $3,668 of interest and dividends in the previous year, this is income of $305.67/month. This is a quite conservative number, as it ignores capital gains.
<table>
<thead>
<tr>
<th>Age</th>
<th>Life Expectancy</th>
<th>Age</th>
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- IRS.gov
**Spending and cash strategies; information resources**

Find an hourly, fee-only financial planner; [http://www.napfa.org/index.asp](http://www.napfa.org/index.asp)

Verify the credentials of a financial services professional;


**Tax efficiency strategies; factors to consider**

Most important; be aware that there are tax strategies which will extend the life of your assets

Example; in most cases, it makes sense to spend tax-deferred assets (traditional IRA or 401(k)) last, after spending both taxable and tax free (Roth) accounts

Consult a knowledgeable tax-advisor or your fee-only financial advisor

**Housing decisions; factors to consider**

Is there a mortgage on your house?

Can you afford the house once retired?

Maintaining the household (cleaning, maintenance, repair)

Reverse mortgages, an expensive, complex product

Downsizing

Longer term care choices

**Behavioral Strategies**

**Behavioral Strategy #5: Use a “listening” strategy**

Reflective listening is a useful tool. It is common for family members to feel that they are not being heard in family discussions. Take the time to reflect back to a family member, re-stating what they said to make sure you understand them.
Set “ground rules” for family discussions. Agree to discuss only the current situation, not past family occurrences, give everyone time to speak without interruption. If your family cannot discuss the situation without arguing, consider meeting with a third party as discussed in Class One.

Behavioral Strategy #6: Research needed information and resources

Criteria for choosing a resource;

| COMPETENT | ETHICAL | COURTEOUS |

TRUST: What are trustworthy behaviors?
- Tasks performed as promised
- Tasks completed on schedule
- There are no contradictions or discrepancies
- There is prompt documentation and clarity of information
- Answers to questions are timely and detailed
- Other?

AARP Benefits screening; [https://www.benefitscheckup.org/cf/index.cfm?partner_id=22](https://www.benefitscheckup.org/cf/index.cfm?partner_id=22)

AARP caregiving resource center; [http://www.aarp.org/home-family/caregiving/](http://www.aarp.org/home-family/caregiving/)

Fee-only financial planner; [http://www.napfa.org/index.asp](http://www.napfa.org/index.asp)

Fee –Only Financial planners can also be accessed at by checking the “fee only” option at [http://www.fpanet.org/PlannerSearch/PlannerSearch.aspx](http://www.fpanet.org/PlannerSearch/PlannerSearch.aspx)
NM Aging and Long Term Services Department; 800 432-2080
http://www.nmaging.state.nm.us/altsd_second_page.html

Medicare plan finder;
https://www.medicare.gov/find-a-plan/questions/home.aspx

Check the credentials of your advisor;
http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/

Aging and Disabilities Resource Center;
http://www.nmaging.state.nm.us/Resource_Center.html

Free tax preparation; during tax season, check your local Senior Center. Outside of tax season, call AARP

AARP Phone: 888-687-2277
601 E Street, NW, Washington, DC 20049, on the web at http://www.aarp.org

Legal resources;
The following are examples in the State of New Mexico. Check the Legal Aid Society or State Bar Associations in the appropriate State.

Estate planning; Senior Citizens Law Office http://sclonm.org/
4317 Lead Avenue S.E., Suite A, Albuquerque, New Mexico 87108
(505) 265-2300
Lawyer Referral to the Elderly Program (LREP) (505) 797-6005
1-800-876-6657 Legal Helpline Hours: 8 a.m. to 5 p.m. weekdays
Consultations with the LREP helpline staff attorneys are free;
Referrals to private attorneys are made on a Free, Reduced Fee and Full Fee basis depending on case priorities or income guidelines.
Class 4 Fraud and abuse, identity theft

Key Findings from the MetLife Study of Elder Financial Abuse, 2011

- Instances of fraud perpetrated by strangers comprised 51% of articles related to elder financial abuse, followed by family, friends, and neighbors (34%), the business sector (12%), and Medicare and Medicaid fraud (4%).

- Medicare and Medicaid fraud resulted in the highest average loss per case in that category.

- Women were twice as likely as men to be victims of elder financial abuse, with most being between the ages of 80 and 89, living alone, and requiring some level of help with either health care or home maintenance.

- Nearly 60% of perpetrators were men, mostly between the ages of 30 and 59.

- Dollar losses over the holidays due to family, friends, and neighbor perpetrators were overall higher than any other category due to number of instances, although the highest average dollar loss per individual was from business perpetrators.


Why seniors are targeted; Individuals over age 50 control 70% of the nation’s wealth. - [http://www.preventelderabuse.org/elderabuse/fin_abuse.html](http://www.preventelderabuse.org/elderabuse/fin_abuse.html)

Investor Protection Trust Elder Fraud Survey

- Half of older Americans exhibit one or more of the warning signs of current financial victimization. For example, more than one out three seniors (37 percent) are currently being pitched by "people (who) are calling me or mailing me asking for money, lotteries, and other schemes," while a much lower 19 percent of adult children believe that their parents are being pressured in such a fashion.

- About one out of three older Americans (31 percent) says they are vulnerable in one or more ways to potential financial victimization.

- Only 5 percent of adult children in touch with their parents’ doctors report "the healthcare providers ever mention[ing] any concerns about your parents handling of money or relayed any concern from your parent about handling money." However, of that same group, nearly one in five (19 percent) report the health care provider has mentioned concerns about "your parents' mental comprehension."

  - [http://www.investorprotection.org/learn/research/?fa=eiffeSurvey](http://www.investorprotection.org/learn/research/?fa=eiffeSurvey)
Misuse of seniors’ funds is primarily by family members, and many times is accompanied by threats, implied threats, intimidation, and isolation of the senior.

Risks:

✓ Inappropriate financial products
✓ Lottery and other mail frauds
✓ Phone frauds
✓ Solicitations from questionable charities
✓ Excessive giving to charity or family and friends
✓ Identity theft (including post mortem)
✓ Predation by family and other caregivers
✓ Post mortem calls about money owed

What to watch for:

✓ Look at snail mail for solicitations and lottery schemes
✓ Listen for “sales” phone calls
✓ Are there numerous multiple products around from a serial sales scam?
✓ Be aware of attendance at “free” lunches
✓ Notice organization of mail and other paperwork
✓ If you have access to bank accounts, monitor unsafe giving (legitimate charities, fraudulent charities, and family or other individuals)
✓ Check that bills are paid on time

Behavioral Strategies

**Behavioral Strategies #7: Do Simple Things First**

What you can do for family members or yourself (with financial POA or permission to execute)

- Run credit reports to check for debt or fraud; www.annualcreditreport.com 1-877-322-8228
- Set up online access to checking/savings accounts to check on spending and possible fraudulent access to accounts
- Register phone numbers for Do Not Call; 1-888-382-1222
  https://www.donotcall.gov/
- Establish free credit freeze (see below)
- Forward incapacitated person’s mail to self
- Check incapacitated person’s email accounts and delete spam
- Wallet copies
Credit / Security Freeze Process

People may place a “security freeze” on their credit reports, and for free in most states if over the age of 65. This will prohibit credit bureaus from releasing any information in your credit report without your express authorization. A security freeze is designed to prevent credit, loans, and services from being approved in your name without your consent; however, using a security freeze may delay subsequent requests or applications regarding a new loan or credit.

To request a security freeze you will need to go to each credit bureau individually and provide the appropriate information. After a freeze is in place, persons will be sent a confirmation notice and a personal identification number (PIN) that will be required in order to remove the freeze temporarily (in order to apply for credit or for any transaction that requires that another party access your personal credit report) or permanently.

Experian

http://www.experian.com/consumer/security_freeze.html

Equifax

https://www.equifax.com/help/credit-freeze/en_cp

Transunion

http://www.transunion.com/personal-credit/credit-disputes/credit-freezes.page

Blocking Incoming Calls on a Landline

A landline may be required by some LifeAlert-type systems.

People with landlines do have options for blocking unwanted phone calls. Phone companies now offer their customers a variety of services such as call blocking, anonymous call rejection and priority ringing to help them deal with unwanted calls. Electronics stores also carry devices that can be attached to phones and that perform similar functions. Many software downloads available on the Internet claim to do the job as well.

- howstuffworks.com/blocking-incoming-call1.htm

Behavioral Strategies #8: Negotiate

1. Are emotions preventing you from being able to address the situation constructively?
2. What are the goals of the conversation? (Your goals and others’ goals.)
3. Have you defined the problem? (What hurts?)
4. What are the options – what are others willing to do or try?
Behavioral Strategies #9: Appeal to values which are important to the person

Behavioral Strategies #10: Have an accountability partner

Ask your spouse, a sib, your parent, child, a friend, CPA, attorney to help you set deadlines and stay on track as your “coach”.

### Common Values

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCEPTANCE</td>
<td>to be accepted as I am</td>
</tr>
<tr>
<td>ACHIEVEMENT</td>
<td>to have important accomplishments and be recognized</td>
</tr>
<tr>
<td>ADVENTURE</td>
<td>to have new and exciting experiences</td>
</tr>
<tr>
<td>CARING</td>
<td>to take care of others</td>
</tr>
<tr>
<td>COMFORT</td>
<td>to have a pleasant and comfortable life</td>
</tr>
<tr>
<td>COMMITMENT</td>
<td>to make enduring, meaningful commitments</td>
</tr>
<tr>
<td>COMPASSION</td>
<td>to feel and act on concern for others</td>
</tr>
<tr>
<td>CONTRIBUTION</td>
<td>to make a lasting contribution in the world</td>
</tr>
<tr>
<td>DEPENDABILITY</td>
<td>to be reliable and trustworthy</td>
</tr>
<tr>
<td>DUTY</td>
<td>to carry out my duties and obligations</td>
</tr>
<tr>
<td>FAMILY</td>
<td>to have a happy, loving family</td>
</tr>
<tr>
<td>INDEPENDENCE</td>
<td>to be free from dependence on others</td>
</tr>
<tr>
<td>INNER PEACE</td>
<td>to experience personal peace</td>
</tr>
<tr>
<td>JUSTICE</td>
<td>to promote fair and equal treatment for all</td>
</tr>
<tr>
<td>KNOWLEDGE</td>
<td>to learn and contribute valuable knowledge</td>
</tr>
<tr>
<td>ORDER</td>
<td>to have a life that is well-ordered and organized</td>
</tr>
<tr>
<td>POWER</td>
<td>to have control over others</td>
</tr>
<tr>
<td>PURPOSE</td>
<td>to have meaning and direction in my life</td>
</tr>
<tr>
<td>RATIONALITY</td>
<td>to be guided by reason and logic</td>
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<tr>
<td>RESPONSIBILITY</td>
<td>to make and carry out responsible decisions</td>
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<tr>
<td>SELF-ESTEEM</td>
<td>to feel good about myself</td>
</tr>
<tr>
<td>SIMPLICITY</td>
<td>to live life simply, with minimal needs</td>
</tr>
<tr>
<td>SOLITUDE</td>
<td>to have time and space where I can be apart from others</td>
</tr>
<tr>
<td>SPIRITUALITY</td>
<td>to grow and mature spiritually</td>
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<tr>
<td>STABILITY</td>
<td>to have a life that stays fairly consistent</td>
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<tr>
<td>TRADITION</td>
<td>to follow respected patterns of the past</td>
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<tr>
<td>VIRTUE</td>
<td>to live a morally pure and excellent life</td>
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<tr>
<td>WEALTH</td>
<td>to have affluence in my life</td>
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</tbody>
</table>
Family Values Map Example

John
- mom's wellbeing
- selfish pursuits
- money

Jennifer
- Mom's safety
- Happiness
- Comfort

Patrick
- truth
- laws
- fairness

YOU
- Family
- Relationships
- Fairness

Tanya
- No conflicts
- everyone likes her
- family intact

Yasmin
- control
- order-organization
- Mom's comfort

Mom
- Happiness
- comfort
- control
Classes 5 and 6 Estate Planning and Optional POA Workshop

Planning for incapacity at any age

- Healthcare POA, living will – who will make decisions for you if you are not able to make healthcare decisions for yourself? What are your wishes regarding various situations of incapacity? Mental Health POA

- Financial POA, preferably one for each financial institution – who will pay your bills and care for your living situation of you are not able to do so yourself for some period of time? (You might be stranded in New Zealand by an earthquake!)

Distributing your estate in an orderly manner

- Updating beneficiaries – transfers property at death, gives no present ownership;
  
  POD – Payable on Death designation for checking and savings Accounts
  TOD – Transfer on Death designation for investment accounts
  Up-to-date beneficiaries on life insurance policies and retirement (401(k), IRA, 403(b) – type accounts

- TODD – Transfer on Death Deed - putting a beneficiary on your house

- Will – guardianship of minor children, distribution of vehicles and household contents

- Trusts; probably not widely needed; consider for special situations such as caring for adult disabled children and for your pets

- Virtual estate – Facebook, Ebay, airline miles, Paypal

- Letter of final instructions

- Funeral, obituary and memorial instructions

There are constantly stories in the media about consequences of poor planning, and most of us hear stories from friends and family which can serve as examples in discussion with spouses or parents. In a recent column, personal finance columnist Michelle Singletary revealed the
decades-long disruption of her family by her grandmother’s refusal to make a will or leave final instructions.

“As shrewd as she was, even my grandmother, Big Mama, who raised me and was a great money manager, refused to prepare a will. She kept saying she didn’t need one, that everyone knew her wishes. Well, most didn’t and some who did ignored what Big Mama wanted. Upheaval followed her death, leaving broken relationships that have still not been mended after 17 years.” – Washington Post, 5/1/12.

There are numerous such public examples of the consequences of intestacy. There is even a program on OWN called “The Will”, about family squabbles and how protracted battles result in hard feelings and high legal bills. Family members may have long-simmering feelings about fairness, which make battles over caregiving and inheritance especially heated, with siblings reverting to childhood roles.

Therapist Cindy Anderson shares a professional and personal perspective;

“Stepfamilies are particularly fraught with difficulty. A man called the Senior Center for help. His stepdaughter convinced his wife that he wasn’t such a good husband, and asked that the wife sign over power of attorney to the stepdaughter. Some of the wife’s money was transferred over to the stepdaughter’s account. The wife later realized that’s not what she wanted to do, and the man was advised to consult with Senior Citizen’s Law Office about the legalities.

“If there are several siblings involved, it helps that the parent has identified one as the decision maker prior to their disabling condition. That parental decision may cause problems between the siblings, but it is more important to have clarity. One of the worst situations can be assigning all of the children power of attorney, without a clear lead person. Arguments can ensue about the littlest things, i.e. where to shop for food. Additionally, the children can exasperate healthcare or other professionals if all are calling for assistance or advice. When a lead person is unidentified, in the best of cases, siblings are able to decide who the lead person is; in the worst of cases, siblings can end up suing each other for misuse of funds, etc.

“Money is the arena in which our issues with power, our resentments, our hopes and dreams are played out. It can be the great equalizer or the great persecutor. Age old feuds resurface. My grandparents were suddenly killed in a car accident, and the trauma of that was quite difficult for my father and his siblings. But further trauma ensued with working out the splitting of the assets. Having six siblings was pretty complicated. Later I understood that my father was resented because he had been given the family farm (the parents lived across the road in a smaller house with just a little acreage) and his siblings were likely trying to make up for the
injustice they felt around that decision which was made 10 or 15 years prior. Not so pretty for a Mennonite family, but later it appeared that most of the relationships were restored.

“Our difficulties with family members surface at life transition points, namely weddings and funerals and birth of children. All three transitions require some exchange of money, payment for services. Individual and family and cultural values play large roles in how we use (or misuse) money during these times.

“Important to consider cultural influence, as well as the family system, when making money decisions. My father went against the simple living prescriptions of the Mennonite community, and was one of the first to have a cab on his combine. Loaded with air conditioning and a radio to boot! He was teased, or reprimanded for this decision. The lessening of suffering while driving the combine increased suffering of some of his community relationships! Professionals need to be aware of cultural, community ethos as influencing factors in money decisions. Even children or extended family members may not understand fully the values or the influence of a person’s experience while talking to the older adult about how to spend or save their money.”

When a parent or family member dies leaving no funeral instructions, much family discord may result. A surviving spouse is usually the decision maker. At the death of the second spouse, or if the family member is single, several family members may think they know what the deceased would have wanted to do regarding a memorial, or have their own personal preferences about interment and a memorial. This discussion can rapidly deteriorate into argument. One suggestion; if there are not clear instructions, or instructions understood to be clear by the affected family members, begin by discussing, “How will we make this decision?” Clarifying the priorities of the stakeholders may help forestall unproductive arguments.

Clarissa, a bank manager, shares her family story;

“Both my mother and father had some pretty extreme health issues in the later part of their lives. My mother was diabetic, with high blood pressure, asthma and had Parkinson’s. My father had cancer three times; testicular, lung and brain cancer. My parents didn’t smoke or drink and kept all three of their children very active, but life happens. It was very important that my mother was very organized and she shared her wishes with me. She wanted to be cremated, she didn’t want anyone looking at her after she passed but family. She wanted a Catholic service and she didn’t want anyone to wear black, she felt it was a celebration of her life. My mother passed on July 11, 2007 and knowing her wishes made it very easy for me to follow through. My dad was still alive, but had suffered a stroke. He had never wanted to talk about his wishes, but finally realized when my mother passed that it was a conversation we needed to have. I was able to make sure he was also cremated and given the mass and burial he wanted.
“Knowing how important it was to know my parents’ wishes, I often tell my friends and clients if the kids or parents are not able to have a conversation or feel uncomfortable, they should write down their wishes and put them in a safe deposit box or safe at home.”
Appendices
Financial Caregiving – How to Organize and Conduct a Class

The Financial Caregiving classes conducted in New Mexico have been a collaboration among;

- Senior center or senior housing complex
  - Provides location
  - Publicizes the course among its population
- Non-profit providing counseling or social work services
  - Counselor or social worker co-teaches second half of first four classes
  - Counselor or social worker provides insight as to family dynamics
- Financial planner / Coordinator
  - Teaches first half of first four classes
  - Provides press release and additional marketing
- Non-profit legal aid organization
  - Content provider for class five, estate planning
  - Content provider for optional class six, POA workshop

As coordinator of the project and developer of the curriculum, I met with representatives from each of the above organizations prior to scheduling the first classes. In addition, I wrote and distributed a press release which included my email address for registering for the first class. Eleven people registered for the class the day the press release was printed in the Albuquerque Journal.

For the first two classes, I met with the social work instructor prior to each class to review the Instructor Notes and flow of the classes.

Prior to the first class, I had the workbooks printed as spiral bound notebooks, printed single-sided so that people would have room to take notes. We also provided bottled water, pens, and nametags. We maintained a sign-in sheet for each class.

Vicki Van Horn, MBA, CFP®
Executive Director
New Mexico Project for Financial Literacy
Email: director@nmpfl.org
Financial Caregiving: Making Families Safer
Instructor Notes

This class is designed to be co-taught by a financial planner and a social worker, therapist, or family development specialist. Each class is designed to be two to two and one half hours long with one break. The style is facilitative. For example, a class member inevitably will ask, “What do you do when a family member does this (describes typical bad behavior of family member)?” Turn this question around; “What do you think your choices are in this situation? How do you typically handle this situation? How about the rest of you, do you have some suggestions for how to handle the situation?” Remind the class that we cannot change the behavior of others; we can manage only our own behavior.

Reminder to financial planning instructor; arguing, restating content information, or trying to convince rarely results in behavior change. Rather, explore the person’s belief system. For example; you; “As long as you are healthy and employable, it makes sense to defer taking Social Security as long as possible.” Class attendee; “I’m taking it as soon as I can! It won’t be there later!” You; “Sounds as though you have strong beliefs about that. How does that belief affect your saving behavior?” We are hoping to move people to thoughtful reflection and mindful choices.

For the Social Worker / counselor trainer; early on, use words such as; “We may be talking about topics which cause some powerful emotions for you. Notice if this happens. Note what topics and what aspects cause a strong reaction for you. Take a deep breath. If you want to stand up, move around the room, or step outside the room for a moment, that is fine.”

Learning Objectives

1. Attendee will master key decision-making elements in critical financial issues related to aging, such as bill-pay, documentation, record keeping, protection from identity theft and fraud, Social Security decisions, decumulation strategies and estate planning.

   Improvement will be measured by a before-and-after financial content quiz.

2. Attendee will learn behavioral strategies designed to improve family interactions regarding financial elder-care.

   Improvement will be measured by a before-and-after behavioral content quiz.

3. Attendee will participate in role plays, exercises and small group discussions to practice new behavioral and coaching skills and to explore money behaviors and beliefs.

   Exercises as documented in the curriculum and verified by attendance sheet.
How was money managed in the household where you were raised?

Skillfully • ...... • ...... • ...... • ...... • ...... • Inadequately

Feeling of Abundance • ...... • ...... • ...... • ...... • ...... • Feeling of Scarcity

With Organization • ...... • ...... • ...... • ...... • ...... • Chaotically

Cooperatively • ...... • ...... • ...... • ...... • ...... • With Conflict

With Openness • ...... • ...... • ...... • ...... • ...... • With Silence

With Satisfaction • ...... • ...... • ...... • ...... • ...... • With Shame
Financial Caregiving Course Assessment

1. Which statement is true?
   a. _____ It is normal to encounter some difficulty in dealing with financial tasks as we age
   b. _____ Financial tasks become more complex as we age
   c. _____ Seniors are more vulnerable to frauds and scams than younger people
   d. _____ All of the above

2. An effective way to communicate with a difficult family member is:
   a. _____ Email or text
   b. _____ Through involving a trusted third party
   c. _____ Repeating your major points
   d. _____ Pointing out the errors in their thinking

3. Each of these is a good approach to organizing records except:
   a. _____ Using online bill-pay processes
   b. _____ Paying all bills with cash or money order
   c. _____ Adding a trusted family as financial POA
   d. _____ Keeping all financial records in one place

4. Which of these situations would be the best for raising the subject of how finances are organized?
   a. _____ At a moment of crisis, such as a hospitalization
   b. _____ At tax time, when the subject is on everyone’s mind
   c. _____ During a family disagreement on a related subject
   d. _____ When you discover that a parent’s utilities have been cut off

5. All of these are factors in when to begin drawing Social Security retirement except:
   a. _____ Health and family longevity
   b. _____ Take it as soon as possible because it may not be available later
   c. _____ Your current work situation and employability
   d. _____ Other available sources of retirement income
Financial Caregiving Course Evaluation

The class covered these topics:

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<thead>
<tr>
<th>Topic</th>
<th>Not at all</th>
<th>Somewhat</th>
<th>Well</th>
<th>Very well</th>
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<tr>
<td>Barriers to planning</td>
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<tr>
<td>Factors related to taking Social Security benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involving trusted third parties</td>
<td></td>
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<td>Bill pay and record keeping</td>
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<td>Frauds and identity theft</td>
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<td>Estate planning and transfer of property</td>
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<td>Suggested behaviors to improve family communication</td>
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<td>Group discussions of family dynamics</td>
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What kinds of new information did you get from this course?
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Did this course change any of your ideas about aging and caregiving?
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Have you taken, or do you plan to take any actions based on this course?
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How can we improve the usefulness of this course?
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