

PLANNING ESSENTIALS

Protecting Your Financial Future While Caring for an Aging Loved One

Pursue a labor of love without compromising your future

For generations, families have embraced the role of caregivers for their aging loved ones, opening their lives and often their homes. Today, about 42 million Americans carry forward this tradition,¹ facing more resources and complexity than ever before. But with thoughtful planning, you can care for your loved ones without sacrificing your own financial goals.



PREPARE FOR THE UNEXPECTED

We cannot predict the future, but proactive planning can help you navigate this maze of uncertainty while alleviating subsequent emotional and financial stress.

Most of us will care for an aging loved one. Some of us will eventually receive similar care. People are living longer than ever. Soon 20% of the population will be over 65, which is five times greater than their counterparts 100 years ago.² Next year alone, 22 million people will turn 80.

Caregiving can span several years as healthcare advancements enable people with chronic conditions to live longer. Some people will live independently. Others will need help. According to the Administration for Community Living, 70 percent will need long-term care at one point, and 20 percent will need it for over

five years.³ At least 22 percent will rely on home health aides for daily care needs. Acquiring proper home care could prove challenging due to an impending shortage of qualified workers.⁴

UNDERSTAND THE FINANCIAL IMPACT

Even if your loved ones remain relatively healthy, a sudden fall or illness can change everything in a moment, precipitating months of onsite rehabilitation. Disabling health conditions can necessitate long-term, 24/7 care. Costs vary by region and often exceed most people's assumptions. This New York Life [calculator](#) can help you identify costs in your area.⁵

Average costs to consider:

- **One long-term care incident can cost \$100,000 and average \$180,000 in lifetime expenses.³**
- **Ongoing skilled nursing averages \$330 a day or \$120,000 per year.⁶**
- **Assisted living and continuing care communities offer more freedom and amenities than skilled nursing facilities. Many facilities provide progressive care as the resident's needs evolve. A one-bedroom assisted living apartment averages \$63,337 yearly but varies based on location and amenities.**
- **In-home care has grown in popularity in recent years and costs about \$60,570 a year for 40 hours a week.⁴ Premium healthcare services and 24/7 live-in support costs considerably more and varies based on the care and provider.**

Caregiving can take a toll on careers and families. About 61% of caregivers work full-time, while 47% take care of children and an aging relative.⁶ Unplanned absences and leaves cause about 30% to lose income.

Evaluating your options can prove exhausting. You can alleviate some legwork by hiring a care manager to investigate alternatives that support your loved one's needs and preferences and outline their costs.

DISCUSS HOPES AND EXPECTATIONS

Although challenging at times, spearheading ongoing conversations with your loved one and family members can guide decisions and promote consensus, as well as rally support around your loved one. Discuss care and potential funding sources and how drawing on them would affect each family member. Establishing a clear plan helps avoid misunderstandings down the road.

ASSESS YOUR FINANCIAL SITUATION

Start building a financial plan early to protect both you and your loved one's future. Reviewing your options and finances early helps expose gaps and inspire solutions. Waiting puts you at risk of making less optimal decisions when an emergency or health crisis arises.

Define your loved one's lifestyle preferences and adjustments they could tolerate if their health or mobility declines. Review their income streams, retirement plans, investments, and luxury assets. Check for long-term care and supplemental insurance policies along with trusts and annuities. A financial advisor who specializes in affluent clients can explore funding sources that cover expenses while preserving wealth.

Keep family members informed to avoid misunderstanding and set expectations on the potential impact to anticipated inheritances.

LEVERAGE AVAILABLE RESOURCES

Seek professional guidance before selling or liquidating assets, which can have long-term implications on wealth. Look for caregiving-related tax strategies. Reach out to your charitable giving network to learn about available programs, financial assistance and funding options.

If you choose to self-fund care, talk to your financial advisor about the appropriate funds to tap and how to distribute them. Look for alternatives to selling investments or real estate, especially in a down market. Complete and share an asset identification to prevent miscommunication. Consider setting up a trust for the loved one's care.

CONSIDER PROFESSIONAL HELP

You will need to work closely with healthcare and personal care providers to ensure they meet your expectations. You may want to hire services to help. A concierge medical service can coordinate routine care and provide personalized healthcare and 24/7 access to medical professionals.

A bill management service can ensure your loved one's estate remains intact by paying tax, insurance, care and household bills. They can also keep an eye out for fraud or schemes that target elderly and impaired individuals.

Financial planning, tax, and legal professionals can provide invaluable guidance in planning and navigating financial and legal issues that arise.

PROTECT YOUR RETIREMENT

An unexpected crisis often causes people to dip into retirement savings or sell investments. Planning can reduce the risk of loss and ease your mind during an emergency. Avoid tapping into your retirement investments or liquidating luxury assets. Doing so can thwart wealth-building opportunities. Work with your financial advisor to keep retirement plans on track and identify other funding sources.

Many people opt for an early retirement to take care of loved ones. According to the AARP, the average worker who leaves a job to care for a loved one loses \$300,000 in wages and benefits.⁷ Keep income streams in mind when making care decisions. Outsourcing routine management tasks can help you preserve your income streams and manage stress.



PURSUE WORK-LIFE BALANCE

Many caregivers report strains on their professional life. Offloading some responsibilities to a support network allows you to focus on the most critical aspects of care and your professional life. Scheduled check ins and open communication helps close gaps and ensure your loved one receives the attention they deserve. Keep your partners and employer in the loop. Many organizations have support services or group insurance to help you manage responsibilities.

PLAN FOR YOUR FUTURE CARE NEEDS

It's safe to assume that most of us will need some type of long-term care. Allocating funds to take care of your future can yield an abiding sense of relief and encourage short-term financial decisions that preserve your wealth. Planning can also spark communication and expose hidden wishes that you can proactively address.

Put your own will and estate plan in order. Evaluate long-term care insurance and annuity options, which can alleviate the financial burden later and preserve your wealth while helping you receive the best care. Consider setting up a trust for future expenses and talk to your advisor about tax strategies.

REVIEW AND UPDATE LEGAL DOCUMENTS

In addition to planning and communicating, it is vital to document decisions and complete relevant legal documents. Bring your legal team into discussions early to review potential trusts and estate plans. Remember to make sure healthcare directives and power of attorney documents are current. Revise estate plans to reflect caregiving needs and your loved one's changing reality.

BALANCE COMPASSION AND PRUDENCE

When contemplating our loved one's needs, we're often tempted to spare no expense. Planning can help you provide the quality care you desire while preserving your wealth and legacy. However, no plan is perfect or permanent. Your financial advisor can help you adjust your plan as life changes.

¹ "Caregiver Insights," The Senior Alliance, accessed October 2, 2024, <https://thesenioralliance.org/caregiving-haven/caregiver-insights/>.

² Caplan, Zoe, "U.S. Older Population Grew From 2010 to 2020 at Fastest Rate Since 1880 to 1890," US Census, May 25, 2023, <https://www.census.gov/library/stories/2023/05/2020-census-united-states-older-population-grew.html>.

³ "How much care will you need?" Administration for Community Living (ACL) (LongTermCare.gov), February 18, 2020, <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>.

⁴ Kreider, Amanda R. and Werner, Rachel M., "The Home Care Workforce Has Not Kept Pace With Growth In Home And Community-Based Services," Health Affairs, April 19, 2023, <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2022.01351?journalCode=hlthaff>.

⁵ New York Life Calculator, <https://www.newyorklife.com/resources/financial-calculators/costs-of-long-term-care>.

⁶ Clem, Matthew and Goldy-Brown, Sarah "Skilled Nursing Costs in 2024," SeniorLiving.Org, July 18, 2024, <https://www.seniorliving.org/skilled-nursing/cost/>.

⁷ Goyer, Amy, "What is the Cost of Caregiving," Health Well Foundation, September 20, 2023, <https://www.healthwellfoundation.org/realworldhealthcare/what-is-the-cost-of-caregiving/>.



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