

by Bill Spalding

# CAREGIVING: At What Cost?

**B**ecoming the caregiver for a sick or disabled loved one can be stressful physically, emotionally, mentally—and financially. It's a costly proposition, and it is getting more expensive every year.

More than 44 million American adults provide assistance to elderly and disabled adults without any compensation according to the National Alliance for Caregiving (NAC) and the American Association of Retired Persons (AARP). The market value of that care exceeds \$306 billion annually, almost twice the amount spent on nursing home care and home health care costs combined.

Many of us will be called on to become caregivers. A study done at Georgetown

from paid care alone. The National Women's Health Information Center estimates that two-thirds of unpaid caregivers work a full or part-time job, most are women, and most are 35-64 years old.

Becoming a caregiver, either part-time or full-time, can dramatically impact your finances. Even assuming that the person receiving care has sufficient income streams, caregivers sometimes have to reduce their work hours or quit working entirely. If the relative requiring care does not have adequate income, you may need to help by covering expenses or taking that person into your home. Social Security, Medicare and Supplemental Security Income (SSI) may provide some help, but qualifying can be difficult and complicated. For example, having too many assets in a disabled child's name can limit his or her eligibility for SSI.

Many people mistakenly assume that Medicare or Medicaid will pay for nursing home care. Unless your family member is indigent, he or she won't qualify for Medicaid.

Medicare, which covers retirees over age 65, covers only the highest level of nursing home care—skilled care, provided by trained medical personnel around the clock—and only if your loved one goes from a three-day hospital stay directly to the nursing home. Even then, the payments are limited. For the first 20 days, Medicare pays 100 percent. For

days 21-100, the individual pays \$97 per day. Beyond that, the individual pays the full cost.

Long-term care insurance can provide coverage for nursing home and home health needs, but it must be in place before the insured needs those services. Many individuals purchase a long-term care policy when in their 50s, although some financial professionals recommend doing so earlier. Pricing for long-term care policies varies with the age and health of the individual. If there's a question of ability to pay out of pocket for years of nursing home care, you may want to discuss long-term care insurance with your spouse, your parents and anyone else for whom you may wind up responsible.

Financial issues related to caring for an elderly or disabled loved one can be complicated. You may have time to plan as a family member ages or a disease progresses—or you may not, if an accident suddenly renders a loved one unable to work or live independently. Ask your financial advisor for advice about this potentially important piece of your future financial security.

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University in 2004 calculated that of adults who receive long-term care at home, 78 percent get all of their care from family and friends (unpaid), 14 percent from a combination of family and paid assistance, and 8 percent