



Tackling challenges as you and your loved ones age — from critical conversations to care

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Introduction

Fueled by aging baby boomers, our nation's 65 and over population is "graying" rapidly. The Boomer Generation—all of whom will be over the age of 65 in about a decade—will number 61 million people by 2030. That year, the population of those 85 and older—the most rapidly growing segment—will climb to more than 9 million people from 6.4 million in 2016. By 2035, older adults will outnumber children for the first time in our nation's history.

This tremendous increase brings with it a number of issues. "Advancements in improving health are extending our lifespans, but health care expenses tend to go up substantially as we and our loved ones age," states Shomari Gilyard, Director, Wealth Planning at Klingenstein Fields Wealth Advisors (KFWA). In addition, as we age, it can become more difficult to navigate the complexities of the health care system, while managing other aspects of everyday life. And, this all comes while still trying to enjoy our quality of life.

"We've put more effort into helping folks reach old age than into helping them enjoy it."

— Frank Howard Clark, Author

Aging seniors widen the “care gap”

The emerging higher ratio of older individuals to children poses unprecedented health care considerations for our society. Just as many retirees leave the work force, medical expenses are likely to jump considerably, and these medical needs will add even more demand to our already overburdened health care facilities and elderly-specific services. Many boomer parents will be “sandwiched”—simultaneously managing their own aging, health care, and financial planning concerns while tending to the needs of their elderly parents—and still addressing issues with their own children, who may not be ready for full financial independence.

Play the most critical role: advocate

Advocating for yourself and your family is important to help ensure that you receive the long-term care and quality of life to which you, or they, may aspire. For your parents or older relatives, this may mean overseeing estate and financial matters, protecting them from scams and fraud, and ensuring that they have proper medical care—particularly if they become incapacitated and can no longer ask for help themselves.

Ten tips for mastering the aging game for you and your loved ones

Here are some key strategies to consider when discussing and managing care.

1 Have a conversation sooner, rather than later. As stressful as it may be, begin a dialogue now. It is essential to initiate this important conversation before experiencing a crisis, such as a financial mishap, fall, or other health problem. According to a study, *Old Age and the Decline in Financial Literacy*, by Texas Tech professors Michael Finke and Sandra Huston and University of Michigan professor John Howe, data indicates that although we become more confident in our financial decision-making abilities as we age, we actually become less literate about financial issues. Discussions should ideally occur when your family members are at full mental capacity, from the mid-50s to early 60s. Items to consider include:



Plans and goals for how time is spent during the golden years

Quality of life concerns

Desire to maintain control of finances

Use the information gathered from this discussion to create a plan, and form a team consisting of friends, family, and community resources to implement it.

As we age, our experience can partially compensate for the loss in our ability to respond successfully to new responsibilities. Eventually, however, even experience is not enough to compensate for our declining ability to solve new problems.



Source: Brookings Institution 2009 study, *The Age of Reason: Financial Decisions over the Life Cycle and Implications for Regulation*, by Agarwal, Driscoll, Gabaix, and Laibson

2 Pay attention to behavioral changes. With age, it's important to pay attention to subtle changes in behavior or daily habits that may indicate a health issue or diminished financial capacity. These changes might be seen in things like confusion about financial decisions, disorganization or misplacement of documents, even paying the same bill twice. The underlying issue of these shifts in behavior, which can appear to some as simply "normal aging," can make your family member vulnerable to financial exploitation, a growing problem. Sources of exploitation can range from someone your loved one knows asking for control of finances or for a loan, to robocalls or sweepstakes scams. Alert your loved ones to these common ploys and red flags. If you're unsure about whether an opportunity is legitimate or not, consult your wealth advisor or attorney. Take a more active role and help your aging relatives organize their finances. This can help to prevent costly mistakes, and keep smaller issues from turning into larger problems.

3 Designate powers of attorney (POA). If you or your loved ones don't have them already, speak with an attorney who can draft durable financial and medical powers of attorney. These documents will designate who can make decisions about financial and medical matters, respectively, if faced with illness, injury, or incapacitation. An attorney can also help you create health care directives or living wills that define specific wishes, including end-of-life care.

4 Gather important documents. How organized are your family's health care, medical, legal, and trust and estate documents? When were these last updated? Such documents should be updated and stored in a secure place in your home, so they can be accessed in an emergency. Relevant documents include:

- Bank and brokerage account statements
- Medical directives and living wills
- Mortgage and loan statements
- Insurance and disability policies
- Pension and Social Security records
- Revocable and other trust information
- Emergency contact numbers, including financial and medical professionals, such as wealth managers, doctors, lawyers, accountants, and other securities professionals

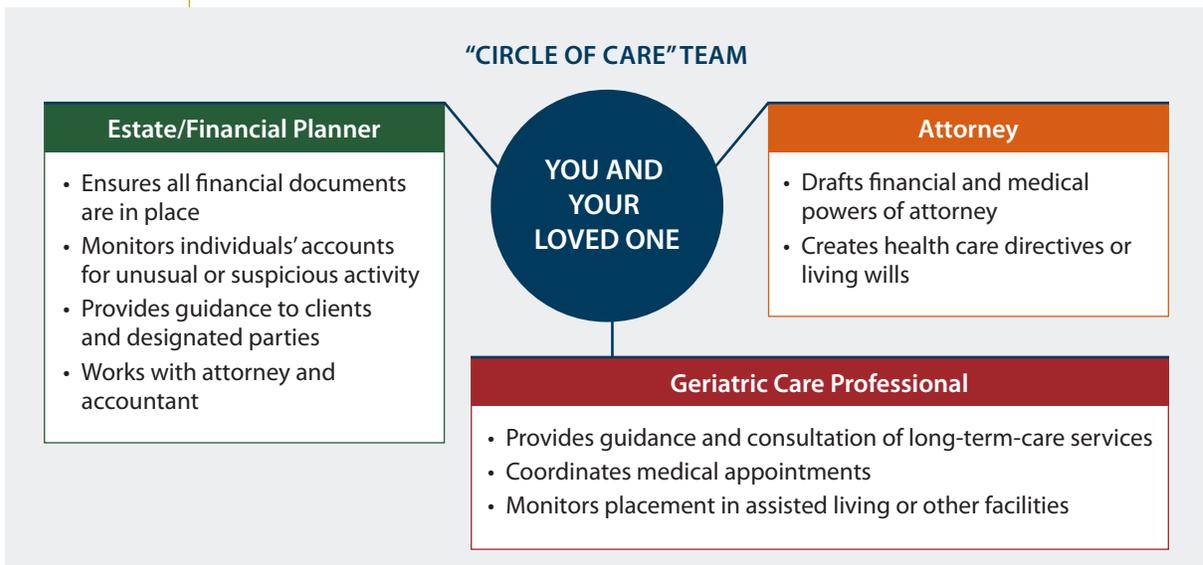
Organizing and continually managing the relevant documents is critical for those acting as a financial or medical power of attorney, and those appointed as guardian or trustee under a revocable living trust. You'll need this information if you pay bills, arrange for benefit claims, prepare tax returns, or help with investment decisions. Having a list of contact information can help you quickly coordinate communication among family members in an emergency and take necessary action to block financial exploitation or scams.

Taking proactive steps to prepare for and address the potential issues that come with aging can help to alleviate stress and improve one's quality of life.

5 Be proactive about medical issues. As we get older, it becomes challenging to make health care and medical decisions, including getting the right type of care. "This may be due to medical ageism, a subtle type of age discrimination that makes it harder to navigate the health-care system as we get older," says Dr. Mark Lachs, a New York City-based physician and gerontologist. It's not uncommon for doctors to tell their over-60 patients that their ailments are simply the result of getting older, so they won't treat them. If you or your loved ones have challenging medical conditions, stay empowered by finding the right doctor for your specific ailments. Provide all doctors with a list of symptoms, current medicines, and any other relevant information. Bring a list of questions to all medical appointments, take notes, and be proactive about next steps.

6 Prepare for health care “shocks.” High-net-worth retirees may think they are immune to the rising costs of health care. According to studies by UBS, only half of individuals surveyed have incorporated health care costs into their wealth plan. Out-of-pocket costs, those not paid by Medicare or private insurance, can quickly become substantial for a person facing prescription drug, medical care, and long-term-care needs. These, often unplanned for expenses, can even derail the financial plans of couples with assets of \$2 million or more. Some services, such as caregiving, may not only be costly, but also more difficult to secure due to rising demand outpacing the supply of qualified caregivers. If you haven’t accounted for health care costs in your plan, your Wealth Advisor can discuss Medicare, supplemental insurance, or other options to cover costs, such as hybrid life insurance policies.

7 Build a “circle of care” team. Your support team doesn’t have to be limited to just estate planners, attorneys, and/or financial planners. If you’re having trouble coordinating or managing the care of your loved ones due to busy schedules, distance, or family conflicts, geriatric care professionals can relieve much of the burden and make the process more efficient. Similar to CPAs or attorneys, care managers provide consultation and guidance through the baffling maze of long-term-care services and providers. Their services include coordination of medical appointments, monitoring of placement in assisted living or other facilities, resolving of family conflicts related to care, and much more.



8 Make a consolidated list of emergency and core contacts. There is nothing more frustrating, if something does happen, than trying to figure out whom to get in touch with during an emotional time. Putting together a list of key contacts, including loved ones to contact, as well as the core advisors and caregivers, can help to make the process less stressful for all. This document can also include important information regarding any medical conditions, allergies, medicines, etc. that may be relevant if you or your loved one are unable to communicate.

9 Conduct an investment portfolio “checkup.” KFWA can help you re-evaluate your portfolio under different financial or medical scenarios. Do you or others expect a steep increase in health care costs as a result of sudden illness or disability? Do you have enough cash or liquid assets on hand to cover that scenario? Is your estate plan up to date?

10 Choose advisors who are trusted client advocates. Whether for yourself or your loved ones, work with advisors that have knowledge of the senior community. Make sure the partners you work with have the skills and personality to work with older clients, including the ability to gently probe and assess risk, adapt communication styles, and listen without judgment. Advisors are often among the first to notice subtle changes in finances, risk tolerance, and declining mental capacity with their clients. As an objective third party, they can serve as a neutral presence to address sensitive topics and facilitate family discussions about financial caretaking, if necessary, within the context of a planning session.

It takes a team: KFWA can help

As you and your family age, managing a new set of financial and care-related issues can be stressful. The questions raised in the process are inherently personal, and sometimes uncomfortable. That stress and uncertainty should not delay the very crucial first steps in building a comprehensive plan. It's best to start the conversation early, and build a team of trusted advisors to help address both the financial, and the personal health-related questions that arise as we age. Avoid costly mistakes by starting now to assess your family's needs, begin a dialogue, gather key documents, make a plan, and form your team. As experienced wealth advisors, KFWA can support you in all stages of the process, whether it's striking up that first conversation, locating resources, modifying financial or estate plans, or being an objective partner as your conversations evolve.

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