

Universal Themes in Caregiving

WRITTEN BY BARBARA MCVICKER

Once my two kids were off to college, I thought that it was finally my turn to have the freedom to do what I wished. But then, like 75 million other baby boomers, I received a phone call that challenged me for the next ten years. My aging parents needed me. I found myself "stuck in the middle" of juggling the needs of family, career and elderly parents.

While taking care of my mom and dad for a decade, I felt alone and overwhelmed. I had no preparation for this job and I was drowning. I desperately needed essential information and emotional support. Many of my friends were in the same situation, providing care out of love or just out of duty. Their stories were filled with the same universal themes.

So I decided to write a book that could provide a lifeline to that person just beginning the stressful and frantic job of caregiving. All of us had read books before we had children. We joined play groups for support. And we watched our kids grow and learn under our knowledge and direction. Now, however, we were clueless about how to take care of the elderly.

My book *Stuck in the Middle...* shared stories and tips for caregiving your elderly parents propelled me into a new profession. Now I am a national speaker, HR consultant and trainer. As I speak across the country, I have heard over and over the same ten universal themes. The following are a sample.

3 GENERATIONS OF PREPAREDNESS – I encourage my audiences to have the tough conversations sooner than later with our aging parents and our adult children. If all three generations have the essential medical and financial papers signed, end-of-life discussions, and ideas about disbursement of possessions, we will alleviate much of the family conflict.

YOUR LIFE WILL CHANGE SIGNIFICANTLY – Researchers talk about the caregiver as being the "hidden patient." At The Ohio State University Medical School, the Drs. Glaser are doing studies on caregivers, and how their length of life is shortened by three years because of their caregiving. People taking care of Alzheimer's family members often die before the patient does. In caregiving, there are few "Hallmark" moments. And the job usually falls to one family member.

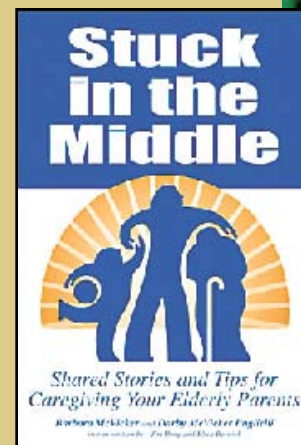
INFORMATION IS POWERFUL – The book was written because I kept hearing about caregivers needing the CliffsNotes on the most basic information. Once you can determine that mom has Alzheimer's, then the book *The 36 Hour*

Day is appropriate. But until then, caregivers just need to know whether to ask the question of Mom's doctor. So I wrote a book with the basic information and included nine full-length true caregiving stories.

MONEY – It is odd how often the family finances can disrupt even the best of families. To settle the monetary issues before a crisis occurs is such a relief and gift to all three generations. An astounding statistic is that 70% of adult children have never talked with aging parents about finances. So the caregiver does not know whether they have to work five years longer to support their parents, or if mom and dad have the means to take everyone go on a world cruise! The adult child caregiver is stuck between tuition for kids, funding their 401(k), and supporting their elderly parents.

Whether I am presenting teleseminars through large corporations, or giving a keynote speech after dinner, I end with a challenge to all caregivers. The flight attendant stands at the front of the crowded airplane and addresses everyone. "Remember to put on your oxygen mask before helping those people around you." This totally makes sense. Care for yourself so you can care for others. If you are not breathing, how can you possibly help others? I also add, "Buckle up. You are in for a very bumpy ride!"

Barbara McVicker is a national speaker, HR consultant and author of *Stuck in the Middle...* shared stories and tips for caregiving your elderly parents. Barbara was a caregiver to her parents for 10 years while raising two children and struggling to maintain her career as a high-level development director. She eventually quit her job to care for her parents full-time. A senior care expert, she has been featured in USA Today, on CNN, NPR, FOX, NBC and others. Barbara lives part-time at Smith Mountain Lake.



Financial Thoughts for Seniors

IRA PLANNING

With the near certainty of higher tax rates looming ahead, traditional retirement plans and IRA planning has been turned upside down. It may not make sense to defer taxes at today's low rates to only pay the tax and plan distributions at a higher rate in future years.

If you are currently contributing to a 401(k) plan at work, you should contribute only up to the limit of your company's matching contribution. Additional contributions should be directed to accounts that will provide tax free income at retirement. These accounts would include Roth IRAs and specially designed life insurance contracts. For those who are already retired, special planning is required to reduce Uncle Sam's tax bite.

Consider a couple age 65 with a \$500,000 IRA. They do not need income from the IRA and will only take required minimum distributions beginning at age 70 ½. Under this scenario, they will pay tax on over \$900,000 during their lifetimes. Their heirs will be taxed on an additional \$700,000. The IRS collects tax on over \$1.6 million, all on an IRA currently worth \$500,000, and all at higher tax rates than today.

With proper planning, this same couple could reduce their taxable distributions to \$600,000, thus saving tax on a million dollars.

PORTFOLIO PLANNING

With today's volatile markets, the #1 goal for seniors should center on safety and preservation of principal, especially if they are taking income from their investment portfolio. Consider the fact that in the last 9 years we have had two bear markets where the S&P 500 lost over 50% in approximately 18 months. The S&P 500 as of this writing is 34% lower than it was 10 years ago.

One of the best ways to provide reasonable rates of return for seniors while guaranteeing principal is by using accounts

that tie their interest payment to an index such as the S&P 500. Historically, these types of accounts have provided better returns than money markets, CDs or fixed annuities while guaranteeing the investor's principal.

The use of guaranteed accounts is paramount if income is being withdrawn from the account. If you are depending on market-based accounts for income withdrawals, down markets, especially in the early years, can play havoc with your distribution planning. Consider someone retiring in 2007 with a portfolio worth \$250,000 and taking distributions of 5% or \$12,500 annually. Assuming their portfolio dropped 40% to \$150,000, they would then be forced to withdraw over 8% to generate the same amount of annual income. Under the new scenario, the risk of running out of money is a real threat.

By using accounts that generate income, one can eliminate the devastating effects of down markets on their distribution planning. One of the better ways to provide income in retirement is to allocate funds into three accounts. The first account is used to provide income for the early years until it is exhausted, the second account pays income, and eventually the third account grows to equal your original principal. Most of the income generated under this plan is non taxable as a return of principal.

In summary, the financial landscape is constantly changing and seniors need to plan accordingly. Taking advantage of shifts in tax policy and structuring your portfolio to protect your principal are two ways for seniors to benefit financially.

Charlie Cobb is founder and president of CRC Financial Group, Inc., located at 1022 Court Street in Lynchburg. The firm, which opened its doors in 1986, is a full service financial company specializing in helping seniors reach their financial goals. For more information about strategies discussed in this article and other services, you can contact Charlie Cobb at 434-845-6655.

