

## Money help for elderly relatives

*How to handle the financial and family issues you might face.*

Jean Ann Dorrell's dad always made sure his birthday card to her as the first to arrive, and he called on the actual day. Last year, Dorrell didn't get a card or hear from him. When she phoned him the day after her birthday, he didn't realize he had missed it. Alarmed, she made the 900-mile trip to his house. Inside she found piles of infomercial products and magazines. "Then I looked at his bank accounts. He had \$400 a month on automatic withdrawal going to magazines, exercise videos, and other things," says Dorrell, a certified estate planner in Summerfield, Fla., and author of "Protect Yourself: Everything Seniors Need to Know to Avoid Being Taken Financially" (E2i, 2005). "He only has an income of \$1,200 a month." Her father, now 82, was soon found to have dementia, and Dorrell assumed responsibility for his finances.

Taking on some or all of the financial responsibilities of an elderly relative can be a difficult process. But you could be saving him from some serious financial trouble. Some of his funds could be lost to unnecessary expenses. Your relative could also be the victim of fraud. One of every five Americans over 65 has been victimized in a financial swindle, according to the Investor Protection Trust, a nonprofit educational group.

The process can be less troublesome if you know the steps you should take to make sure your relative gets the help he or she needs. Here's how to prepare for the day you hope never comes.

### Know the signs

Look for clues that indicate an older relative is having trouble handling finances, such as overdue bills, letters from collection agencies, changes in spending habits, and writing checks or giving money away to just about anyone

who asks. Also watch for decisions that are inconsistent with his long-term goals, an inability to understand or remember recent financial transactions, and difficulty talking about them, says Gerri Walsh, president of the Investor Education Foundation.

### Step gingerly

If you notice warning signs, it's time to have a discussion with your relative. Just remember to choose your words carefully. "Try saying something like: 'I know you want to continue writing your own checks, but I'd like to offer some help. We can do it together,'" says Carol Steinberg, executive vice president of the Alzheimer's Foundation of America. "Avoid hurtful statements such as, 'You can't do this yourself anymore.'"

### Assess the situation

To get a clear picture of the financial tasks your relative can no longer do, ask his permission to talk with his primary-care doctor. Also consider talking to a geriatric care manager, who is trained to evaluate an older person's ability to handle various activities of daily living, like paying bills. The cost to hire one depends on where you live, but expect to pay \$40 to \$250 an hour. The National Association of Geriatric Care Managers has a list of members by state.

Next, get a handle on his financial situation by reviewing his most recent tax



records and bank, credit-card, and investment accounts. Then determine his total income and monthly expenses so you can draw up a budget, says Marion Somers, a geriatric-care manager in Los Angeles. Find out whether there is a life insurance policy, a will, a health-care proxy, and a power of attorney.

Also make sure his investments are suitable. "Risky start-up ventures or investments with high surrender charges if the senior needs to withdraw the funds early are likely not appropriate," says Jack Herstein, president of the North American Securities Administrators Association. If you suspect any of his advisers have been guilty of elder financial abuse, contact Adult Protective Services, local law enforcement, and the securities regulator for the state in which your relative lives.

If he's unwilling to cooperate with all this scrutiny, don't give up. Recruit family and clergy members, friends, and others to try to convince him.



## Make care a family affair

Once you've determined some basic facts, have a family meeting to discuss your relative's situation. Then meet regularly to update everyone on how things are going, suggests Barbara Manouso, an elder-care mediator in Houston. "You want everybody on the same page," she says.

Family discussions can become especially tense when covering matters like transferring a family business, deciding how adult children will pay for their parents' care, or how assets will be divided. An elder-care mediator might be able to help. She must meet your state's requirements, typically by completing a 40-hour course. The National Eldercare Mediator Network has a list of local mediators.

## Explore additional resources

Your family might benefit from the advice of other professionals. For example, the Eldercare Locator, a public service of the Administration on Aging, can connect you to services for older adults and their families. If your loved one is a veteran, you might be able to pay relatives to take care of him and the Department of Veterans Affairs will cover the cost. The VA website has contact information for VA regional offices.

## Avoid these costly mistakes

To help the process of assisting a relative go at least somewhat smoothly and keep yourself out of trouble, here are a few key mistakes to be aware of:

**Keeping poor records.** "Many don't keep a log of what they're doing and why they're doing it," says Marion Somers, a geriatric-care manager and author. "But it's important to have this trail in case someone questions it."

**Opening joint accounts.** Putting your name on your relative's account might seem like a simple way to keep track of things, but it might cause more

problems than it solves. "It's tough to figure out what belongs to whom, especially if the older person passes away," Somers says. In addition, if you or your relative is sued, you'll both be liable. Get permission to have a joint signature on the account instead. Then the account will stay in the older person's name but you can sign checks to pay her bills. And you can set it up so you're notified if there's a lapse in payment.

**Co-signing for credit.** If you co-sign for your relative's credit cards or other loans, you become responsible for the debt if she can't pay it off or dies. Your relative can grant you access to her accounts instead. You can also arrange to have alerts sent to you when charges go above a certain amount.

**Taking away everything.** Allow your relative to retain some independence. "Your loved one should have discretionary funds, such as a credit or debit card, with a limit," says Janet Mitchell, co-founder of the National Eldercare Mediator Network.

