

Financial Planning for Caregivers of Seniors Suffering Memory Loss

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According to the World Health Organization, there are approximately [10 million new cases](#) of dementia worldwide every year, and Alzheimer's disease affects [10% of adults](#) over the age of 65. Dementia is a degenerative condition that causes both short- and long-term memory loss.

It can be hard for families to accept a diagnosis of Alzheimer's disease or dementia. The diagnosis comes with a lot of challenging decisions, such as deciding on appropriate care for your loved one. You'll also face the challenge of navigating the extensive financial journey that comes with unexpectedly caring for someone with memory loss.

Becoming a caregiver for a loved one with Alzheimer's or dementia is demanding. You'll need to help your loved one with daily tasks as well as with financial decisions. Despite the challenges, being a caregiver can also be rewarding. It provides the opportunity to oversee important decisions and to ensure quality support for your loved one.

This guide helps caregivers prepare for the expenses associated with caring for someone with memory loss and offers caregiver resources that can help make the journey easier.

Cost of care is expected to increase over time

As more baby boomers approach retirement, the number of people suffering with dementia and Alzheimer's disease increases. According to the Alzheimer's Association, [more than 5 million Americans](#) live with Alzheimer's disease, and more than 16 million adults provide unpaid care for their loved ones. These caregivers spend 18.6 billion hours providing care to seniors with memory loss, representing \$244 billion in care provided by families. Additionally, \$305 billion is spent on health care and long-term care services. It's estimated that rates of dementia could triple by 2040, meaning the cost of care will reach over \$1 trillion.

On an individual level, the cost of care for someone with memory loss will increase each year, as they require additional care. They may attend adult day centers or move into assisted living facilities. The first financial decision you need to make is to [maximize your savings](#) as soon as possible.

Main expenses to consider in caregiving

As you develop a financial plan to provide excellent care to your loved one with memory loss, it's essential to research all the expected expenses that come with providing care. There are several care options available. Plan for your current needs, and remember that you'll have to reevaluate care needs as your loved one requires more support.

Ongoing medical and prescription drug costs

Costs of medical care and prescription drugs varies widely from person to person, but you can expect to pay between \$200 to \$400 per month for medications.

In-home care costs

Depending on the level of care your loved one needs, you may choose to provide in-home care and enable your loved one to stay in the comfort of their own home. You may need to make some home modifications, such as adding a safety bar in the bathroom or securing entrances and exits to prevent wandering. A family member can provide day support, or you can hire a home nurse for between \$16 and \$28 an hour. You can also supplement in-home care with care at an adult day center. The typical cost of an adult day center is around \$72 per day.

Out-of-home care costs

If your loved one needs additional support, you may consider an assisted living residence or a nursing home. These homes provide 24-hour support from trained nursing staff. They'll monitor medications and help with daily tasks, such as getting dressed or using the restroom. They also have security measures in place to prevent wandering. Depending on the level of care your loved one requires, the monthly cost of out-of-home care ranges between \$2,844 to \$9,266. These costs also vary by state.

How to cover the cost of memory care

Memory care can be costly, and you'll need to make financial decisions on how to provide quality care for your loved one. Most families combine several of the following options to provide the best care for their loved one with memory loss. Payment and financial assistance options include:

Life insurance

If your loved one has a life insurance policy that predates the dementia diagnosis, it can help cover the cost of memory care. Your loved one can receive a payment of 20% to 50% of the value of the life insurance policy, and use this to cover the cost of care.

Personal loans

This can be a good option if your loved one requires short-term care. A [personal loan](#) can cover care costs while you wait for additional financing to be approved.

Personal and family savings

If you have personal or family savings, you can use these savings to cover the cost of care. Family savings are often used to provide short-term care while you find additional ways of financing quality care. If your loved one has extensive retirement savings, this can be a great way to finance their care.

Medicare or Medicaid

For low-income families, [Medicaid](#) offers benefits for seniors with dementia, and may cover the cost of a nursing home. Medicare can also provide some benefits, and will cover short-term nursing home stays. While Medicare won't cover the cost of long-term assisted living care, they will cover medical care for someone with memory loss.

Programs of All-inclusive Care for the Elderly (PACE)

If your loved one is over the age of 55, lives in a PACE service area and needs extensive care, they may qualify. PACE provides a number of services including home health care, respite care and nursing home care.

Financing through the care facility

Some care facilities will offer financing options. When you're considering care facilities in your area, ask about financing as a way to cover the costs of memory care.

Financial measures you should be prepared for

Caring for an older adult with memory loss can be a costly financial undertaking that can impact the caregiver and the entire family. We've compiled a list of senior money management tips that will help you smoothly transition into your role as caregiver, and ease financial pressures for both caregivers and seniors. There are great online resources in today's digital age to make it easier to be financially prepared.

Establish a power of attorney

As you become more involved in making financial decisions with your loved one, start by establishing a [power of attorney](#). By establishing power of attorney, you'll avoid costly problems in the future. As a power of attorney, you can make financial and health care decisions on behalf of your loved one with memory loss. Fill out the appropriate paperwork and have it legally verified.

Develop a financing plan

As dementia or Alzheimer's disease progresses, your loved one will need a higher level of care. Develop a financing plan with this in mind and discuss finances early on.

One way to maximize savings is by switching to a [high-yield savings account](#), which will help you to save more than a traditional savings account. Some of the best high-yield savings accounts offer an APY that's 20 times higher than a traditional savings account. The best high-yield savings accounts are offered by Dollar Savings Direct, with an [APY of 1.40%](#); Live Oak Bank, with an [APY of 1.35%](#); and UFB Direct, with an [APY of 1.35%](#).

Digital financial tracking

As a caregiver, you'll need to monitor your personal finances and your loved one's accounts. To make tracking easier, simplify the process by going digital and switching your loved one to online banking. This will make it easier to access and monitor your loved one's finances and save you repeated trips to the bank.

To make managing everyone's finances even more manageable, consider using a [budget tracking app](#) like Mint, YNAB, Albert or Personal Capital. These apps make it easy to manage expenses, pay bills and save money.

Find a personal financial advisor

As you manage finances for your loved one with memory loss, finding a personal financial advisor can take the guesswork out of your financial planning. You can find financial advisors and medical lawyers that specialize in financial planning for seniors with progressive illnesses, such as dementia or Alzheimer's disease.

Speaking to an advisor can help you get the advice you need as you plan for care costs and simplify accounts. You can start your search for a personal financial advisor at [National Association of Personal Financial Advisors](#), or search for an advisor through the [Financial Planning Association](#).

Be aware of potential financial abuse

Seniors with memory loss are often a target of financial abuse. They may receive phone calls from scammers asking for sensitive information or from a fake medical provider who claims they haven't been paid.

To avoid financial abuse, make a clear financial plan and discuss it with other caregivers and family members. Don't use cash for any transactions, and make sure there are clear records of every transaction or payment.

You can find more information on protecting your loved one from financial abuse at the [National Center on Elder Abuse](#). You can also add your loved one to the [Do Not Call Registry](#) to prevent fraud.

Support for caregivers

Being a caregiver for a senior with memory loss can be overwhelming. Remember that you don't need to do everything by yourself and be sure to look into support for caregivers in your area.

Nonprofit resources

An excellent resource for caregivers is [The Eldercare Locator](#). It can connect you to local resources and support, such as local agencies and community organizations. Services you can access in your area include home care, transportation, meals and caregiver training. You can also access additional financial support using the [Eldercare Financial Assistance Locator](#) and use the service to determine if your loved one is eligible for funding.

To search for more community resources, use the Alzheimer's Association [Community Resource Finder](#), which will help you locate housing options, medical services and other community services. The [Caregiver Action Network](#) is another nonprofit organization that provides support, education and resources to caregivers.

State-funded resources

You can find state-funded caregiver resources in your state and access additional support from the [Administration for Community Living](#). They provide more information on programs for older adults and focus on supporting inclusion and independence. A great resource for determining benefits eligibility is the federal [Benefit Finder](#). You can also access more resources on the [National Institute on Aging](#) website, where you'll find information on caregiving.

Avoid caregiver burnout

As a caregiver, being tasked with providing around-the-clock care for your loved one with memory loss can take a toll. As you focus on providing quality care, these responsibilities may lead to physical, emotional and mental exhaustion. You may notice you get easily frustrated or impatient, have trouble concentrating and feel socially isolated from friends and family.

Remember to prioritize your health and well-being to avoid burnout. Taking care of yourself is the best way to maintain the energy needed to provide excellent financial and emotional support for your loved one. Make sure you eat nutritious meals and prioritize sleep. Develop a healthy routine that includes personal time and practice self-care. You can also ask family and friends for help, and let others share your caregiving duties. When you take some time off, you'll be able to provide better care for your loved one.

Read [A Caregiver's Guide to Coping with Stress and Burnout](#) for additional resources, and visit the [Family Caregiver Alliance](#) for caregiver support. You can search their database by state and find resources and caregiver support groups in your area. You can also find assistance and professional caregiver respite at [The ARCH National Respite Network and Resource Center](#).

The final word

Providing care for a senior with memory loss can be challenging. Still, as the primary caregiver, you can ensure your loved one receives quality specialized care to match their changing needs. Take some time to make a financial plan, learn about the expenses associated with quality care and start saving. Also, remember to take care of yourself, too. Connect with other caregivers and access caregiver resources to help you on your journey of caring for your loved one with memory loss.

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