

# CONVERSATIONS FOR CAREGIVERS

## Financial Strategies for Caregivers

February 26, 2025  
12pm - 1pm

### Session Notes

Below is a summary of the topics and items discussed on the February 26th session of **Conversations for Caregivers: Financial Strategies for Caregivers**.

The information presented in this webinar is provided by Attorney John Kidwell for informational purposes only. Attorney Kidwell is licensed to practice law in the state of Virginia. The details shared are based on his understanding of the laws within that jurisdiction. The webinar content is intended to be general in nature and may not reflect the laws of other states or regions. Attendees are advised to consult with a qualified legal professional in their respective jurisdiction for advice tailored to their specific circumstances. This session covers the following topics: Financial Planning, Medicare, Medicaid, Power of Attorney, and Estate Planning.

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### What are the financial challenges for caregivers?

- **Time Management:** Reduced work hours or leaving a job to provide care.
- **Increased Household Expenses:** Medical supplies, home modifications, transportation, etc.
- **Professional Care Costs:** Hiring caregivers, respite care services.
- **Unexpected Emergencies:** Emotional and financial strain from unforeseen situations.
- **Caregiver Health Expenses:** Increased costs due to a decline in self-care.

### If We're Starting from a Blank Slate, What Are the First Steps?

- **Assess the Care Recipient's Expenses & Cost of Living:**
  - Begin with the annual average, then break it down into a monthly estimate.
  - Categorize expenses into:
    - **Discretionary:** Entertainment, subscriptions, insurance policies, investments, vacations/travel, etc.
    - **Non-Discretionary:** Food, housing, debt, medical expenses, legal expenses, etc.
- **Assess Your Own (Caregiver) Expenses & Cost of Living:**
  - Use the same approach as for the care recipient.
  - Pay special attention to additional costs incurred due to caregiving responsibilities.
- **Identify Sources of Income for Both You and the Care Recipient:**
  - **Primary Income:** Salary or wages (after taxes).
  - **Supplementary Income:** Side hustle or freelance earnings.
  - **Passive Income:** Investments, rental income, or other financial assets.

### Budget Essentials and Best Practices (see pages 4 & 5 for Budget Tracking Chart)

- Maintain **at least three months** of non-discretionary living expenses in a liquid account.
  - Covers the elimination period in insurance policies.
  - Serves as a "rainy day fund" for unexpected costs.
  - If not yet accumulated, set up a deposit schedule to build the fund.
  - Be mindful of account ownership to avoid impacting care recipient benefit eligibility (income and asset limitations).
- Track annual premiums, bills, and expenses on a monthly basis.
- Stay aware of Required Minimum Distributions (RMDs) from retirement accounts (401k, IRA, 403b, 457 plans, etc.).

- Include RMDs as income in the budget.
- Ensure the care recipient takes the required distributions to avoid penalties.
- Plan and schedule savings for **major future expenses** (e.g., medical equipment, in-home care, housing renovations).



## Setting Financial Goals and Expectation Care Management

- Identify the goals of care recipient's care management.
  - does this include assisted living?
  - does this include in home health services?
  - does this include selling care recipient's property and relocating?
- Review the budget to identify unallocated funds or restructure care recipient's assets portfolio (if applicable) to provide for that vision of care.
- Research and leverage state and federal programs for fund contribution.
  - Social Security
  - Social Security Disability Income
  - Medicare and Medicaid
- Research programs that provide services that can supplement out of pocket expenses that would normally apply to budget (transportation services, some home health services, food, etc.).
- Continually assess budget and financial goals as care management plans change at least once annually at the minimum.

## Helpful Strategies for Managing Healthcare Costs

- Understanding insurance options (Medicare, Medicaid, private insurance).
- Prescription drug savings and assistance programs.
- Negotiating medical bills and payment plans.
- Utilizing Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs).
  - for FSA - dependents recognized by IRS, this may require guardianship/conservatorship.

## Planning for Future Financial Needs

- During your budget review and assessments, consider the inflationary impacts on your recipient's healthcare and cost of living. Build a savings schedule in your monthly budget accordingly.
- Long-term care insurance and other funding options (life insurance with chronic illness riders, annuities).
- Government and nonprofit financial assistance programs (as care recipients age, eligibility in additional programs can open up).
- Explore additional tax favorable programs and accounts. For example:
  - ABLE Accounts
    - An ABLE account (Achieving a Better Life Experience) is a tax-advantaged savings account designed to help individuals with disabilities save money without jeopardizing eligibility for certain public benefits like Supplemental Security Income (SSI) or Medicaid.

## Legal considerations for financial planning and management:

### Estate Planning

- Wills
- Power of Attorney
- Advance Medical Directive

### Trusts

- Revocable and Irrevocable Trusts
- Special Needs Trusts (protects assets for individuals with disabilities without jeopardizing benefits).

### Guardianship & Conservatorship

- Petitioning for legal authority over financial and personal affairs when necessary.

## Caregiving Tips

- Start financial planning before a crisis occurs.
- Build a three-month emergency fund.
- Regularly review and update insurance policies.
- Track healthcare expenses to identify cost-saving opportunities.
- Use government and nonprofit resources for support.
- Reevaluate financial plans as care needs evolve.
- Balance the care recipient's quality of life with financial sustainability.

## Attendee Questions:

### Can I use an HSA for my parent's medical expenses?

- Yes, if your parent qualifies as your dependent for tax purposes.

### Would an annuity be a good option for long-term care needs?

- It depends on financial circumstances, health, and age.
- Some annuities offer benefits that increase income for long-term care needs.

### Do I need an attorney to handle a deceased person's affairs if there are no assets?

- No, probate is unnecessary if no assets exist. Creditors typically write off debts as uncollectible.

### Can caregivers be paid as household employees for tax deduction purposes?

- Yes. A formal caretaker agreement allows the care recipient to legally employ a family caregiver, making expenses deductible, though the caregiver must report taxable income.

### Is it better to move money from low-interest accounts to investments?

- Yes, but gradually. Use a "bucket strategy":
  - Keep emergency funds liquid.
  - Invest some in income-generating assets.
  - Allocate a portion to growth-oriented investments for long-term needs.

## Resources

- **AARP**
  - 1-877-333-5885
  - [aarp.org/caregiving](http://aarp.org/caregiving)
- **Local Area Agency on Aging (AAA)**
  - open web browser
  - type in subject's city/county of residence and "area agency on aging"
    - Example: "Tampa area agency on aging"
- **Veterans Affairs (VA) Caregiver Support Program**
  - Phone: 1-855-260-3274
  - Website: [www.caregiver.va.gov](http://www.caregiver.va.gov)
- **National Alliance for Caregiving (NAC)**
  - Phone: 1-301-718-8444
  - Website: [www.caregiving.org](http://www.caregiving.org)
- **Family Caregiver Alliance (FCA)**
  - Phone: 1-800-445-8106
  - Website: [www.caregiver.org](http://www.caregiver.org) \*you can search services by state



### About our speaker:

**JOHN KIDWELL**    **THE LAW OFFICES OF KIDWELL & KENT**



John Kidwell has been the owner and managing partner of The Law Offices of Kidwell & Kent since 2004, with offices in Fairfax, Virginia, and Rockville, Maryland. Mr. Kidwell also owns and operates his in-firm commercial and residential real estate title company, Old Dominion Title Services, Inc., and is a licensed financial securities and registered representative. In 2010, Mr. Kidwell partnered with Long & Foster Realtors to develop a subsidiary, Platinum Group Services, to lay the legal framework for a multistate short sale prosecution apparatus that pioneered the successful negotiation of real estate short sales across the country, saving thousands of families from foreclosure.

**DISCLAIMER:** This summary highlights key webinar points and questions. For comprehensive details, view the full seminar at [LRSeminars.com](http://LRSeminars.com).

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### Coming Up Next Month

**ID Lockdown - Securing your  
Care Recipient's Identity**

March 26th, 2025  
12pm - 1pm

Register at [www.LRseminars.com](http://www.LRseminars.com)

# Budget Tracking Chart

<b>MONTHLY INCOME</b>	Income 1	
	Extra Income	
	<b>Total monthly income</b>	
<b>HOUSING</b>	<b>AMOUNT PER MONTH</b>	
<b>Subtotal</b>		
<b>TRANSPORTATION</b>	<b>AMOUNT PER MONTH</b>	
<b>Subtotal</b>		
<b>FOOD</b>	<b>AMOUNT PER MONTH</b>	

# Budget Tracking Chart

ENTERTAINMENT	AMOUNT PER MONTH	
Subtotal		
LOANS	AMOUNT PER MONTH	
Subtotal		
SAVINGS/INVESTMENTS	AMOUNT PER MONTH	
Subtotal		
MONTHLY TOTAL	<b>Total Income</b>	
	<b>Total Expenses</b>	
	<b>Monthly Total</b>	