



# Caregiving

How to prepare for taking care of your loved ones

## What should you **know**?

**TIP** **Anyone with a higher chance for longevity** (such as women or anyone with a family history of longevity) should think about their own long-term care and health care costs. If you are the younger spouse, you should prepare for the likelihood of caregiving, but be sure to reserve enough retirement savings for your own needs later in life.

### 1 **Caregiving is an emotional, physical, and financial decision.**

Because caregiving involves people we love, there are often decisions that need to be made collaboratively—from types of care, to how care is paid for, to who is doing what. These conversations and decisions can actually be much less stressful (and often less expensive) if they happen proactively, well before the care is necessary.

### 2 **The cost of hiring caregivers can vary dramatically.**

Out-of-pocket costs for caregiving can range from about \$18,000 per year for adult day care, to \$50,000 per year for in-home care, to upwards of \$100,000 per year for a private room in a nursing home.<sup>1</sup>

### 3 **The high cost of caregiving often leads people to step out of the workforce unexpectedly or retire early.**

Leaving the workforce impacts more than just salary: There's the potential loss of raises, promotions, your and your employer's contributions to retirement and health savings accounts (HSAs), growth on your investments, health care coverage, and Social Security credits. This is particularly important to consider when preparing for your own retirement.

### 4 **The average caregiver (of an elder) contributes more than \$7,400 per year of their own money.**<sup>2</sup>

Taking responsibility for a loved one often means making sure they are comfortable and have what they need, whether or not they have made their own financial arrangements for care. Expenses can escalate quickly if they aren't discussed and planned for before care is needed.

### 5 **Approximately 75% of caregivers are women.**<sup>3</sup>

The task of physical caretaking often falls on the woman (and often the eldest daughter) when costs become too high to pay. This creates a disproportionate number of female caregivers.

# What should you **do**?

## **Start a family conversation and proactively develop a plan.**

Talk with your parent(s) and/or your partner about their wishes as they get older. Talking about aging, independence, and end-of-life issues can stir up a lot of emotions, but breaking up the discussion can help. Begin with the planning process itself: Document and discuss what's been done, and make sure everything gets communicated with all the important people in your life.

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## **Gather important documents and passwords from your loved one(s).**

Catalog financial and legal documents, as well as passwords, in a safe, fireproof place, and give instructions to any key contacts on how to access them. Documents you may need include a will, trust, power of attorney, health care proxy, HIPAA release, organ donation form, living will, letter of intent, and letter of instruction. You may wish to save a backup copy of key documents in a virtual safe such as [FidSafe](#)<sup>®4</sup>, Fidelity's free online storage system.

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## **If needed, calculate the full cost of stepping away from work.**

If you need to stop working to help with caregiving, make sure you consider not just lost salary, but also lost years of retirement savings (both yours and your employer match) and growth, as well as lost years of Social Security credits.

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## **Don't forget about your health and financial security.**

If you decide to stop working to care for a loved one, make sure you have health insurance—either through your spouse or individually. Also try to keep saving and investing for your retirement. If you don't have access to an employer-sponsored plan, you may be able to still save for retirement through an IRA.

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## **Prepare your own plans.**

If you haven't documented your own wishes, get started with your [estate plan](#) (will, trust, power of attorney, health care proxy, HIPAA release, organ donation form, living will, letter of intent, and letter of instruction). If you don't write it down, someone else may end up making decisions for you.



### **Ready to talk?**

Call us. 888-766-6813



### **Aging well**

Use our planning, conversation, and resource guide to help build a comprehensive plan for you and your loved ones.

1. "Cost of Care Survey 2019," Genworth, 2019.
2. Rainville, Chuck; Laura Skufca; Laura Mehegan, "Family Caregivers Cost Survey: What They Spend & What They Sacrifice. Family Caregiving and Out-of-Pocket Costs: 2016 Report," AARP Research, November, 2016.
3. "Aging in America," Institute on Aging, 2018.
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