



Vital Aging Network
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“Financial Security in Later Life”

In this issue...
November 11th
VAN Meeting
Notes on Financial
Security

November 11, 2004 VAN Meeting
10 a.m. to noon, Luther Seminary Board Room

INTRODUCTIONS

The participants introduced themselves and responded to the following request:
“Name one concern or challenge that you identify with financial security in later life.”

The responses included:

- When can I retire?
- How do you plan for long term care?
- I probably won't have anything to leave to my kids
- Mother is in a nursing home and her funds will run out next year
- Employers are dropping retirement and health care benefits
- I am a new widow. I have no children. Who will care for me if care is needed?
- My husband is in a nursing home with Alzheimers. What will be left for me to live on?
- I am healthy and am likely to live to be 95. Do I have the wherewithal to get there?
- How can I make sure that I don't become dependent, and that I can live well.
- In my retirement community, there are a number of residents who are afraid that they won't be able to stay..
- How can we accommodate our failing parents?
- How can I sustain what I've got and spend wisely?
- I'd rather not be retired, but it's been tough finding employment.
- My kids need financial support but I can't figure out how much I can afford to gift them and still have enough to live on throughout my life.
- There has been an absolute collapse in ethics in the financial market. Older adults are easy pickings. We can't trust anybody.

MARLENE STUM, Assoc Prof in U of M Dept of Family Social Science, Presenter
Marlene's research and teaching focus on understanding decision making and economic well-being issues facing later life families. Three later life transitions are central to her work: financing long term care, life and death health care, and inheritance issues. She is part of the Cooperative Extension Service's national team developing materials on “Financial Security in Later Life.” Marlene's Web site address is:
<http://fsos.che.umn.edu/stum>

Overview. One third of your life may be ahead of you at age 60. “Will you be prepared?” “Whom can you trust?” “How can you make better decisions.” “How can you get people motivated to do something.” This group has echoed the questions for which the Cooperative Extension Service has made a five year commitment to answer. The task is to provide unbiased information to individuals to help them make informed decisions to protect their future financial security. We provide educational resources without selling any financial products.

Key Factors for Financial Security. Individual characteristics influence financial security, including: gender, marital status, age, work patterns, life expectancy, and health status. Factors within the family influence financial security, including: financial literacy; self-efficacy/confidence; estate and distribution plans; risk management plan; savings/asset management; multiple income sources; identifying and communicating needs, attitudes, financial goals; aging parent issues; conflict management. Factors outside of the family influence financial security, including: income source options for retirement or work; social norms; predictable macro-economic forces; private and public policies and practices for inheritance; quality and availability of information; health and long term care risk management options; availability and affordability of knowledgeable professionals.

Understanding later life events that can impact one’s financial security is critical. “Take the Road to Later Life Financial Security” is a curriculum designed to help individuals plan for later life events, take action now, and know when and how to evaluate their plan to achieve financial security. Information and worksheets for this curriculum are available by going directly to: <http://fsos.che.umn.edu/stum/fsll/default.html>. A “Fact Sheet on Later Life Events and Realities” is available to print for free.

As one example on the fact sheet, Americans are living longer than ever before. Your chances of experiencing poverty and outliving one’s resources increase with age. The chances are greatest for those over 85, women, minorities, and individuals living alone. Life expectancies are increasing: If you are 65 and female, you can expect to live another 19 years to age 84 (for males, 16 years to age 81), and if you are 85 and female, you can expect to live another 7 years to age 92 (for males, 6 years to age 91).

The meaning of retirement is changing. For many, it’s a gradual process, including some employment. Individuals are increasingly responsible for having multiple income sources: savings/investments/retirement plans, pensions, social security, and earnings. Employees are responsible for more retirement income risk and responsibility. They are forced to make difficult choices about whether to participate, how much to contribute, where to invest, when to roll over funds, and whether to borrow from the balance.

Although 75% report that they are healthy and active into their 80s, no one should feel financially secure without protection against common expenses related to health. Out of pocket expenses can be devastating. Health insurance beyond Medicare is critical. Long-term care needs can be very costly. Although living with a spouse tends to protect financial security, nearly $\frac{3}{4}$ of women will experience widowhood when they are 85 or older. Women on average live 17 years after the death of their husbands.

Actions to Help Achieve Financial Security. It’s important to: identify future income needs; build multiple income sources; build savings and assets; evaluate health insurance options after retirement; identify and communicate strategies to manage the risk of long term care; create and communicate an up-to-date estate plan; talk with aging parents about

their estate and long-term care plans; and organize financial records.

Protecting financial security is an ongoing process that requires regular review and adjustments. It's important to keep up-to-date on: legal documents, including wills, power of attorney, and advance health care directives; beneficiaries; insurance coverage; property ownership; and progress toward financial goals. It's definitely worth it to seek guidance from an attorney in putting together these documents.

Long Term Care. Long term care is defined as: Help with daily activities and remaining independent that is provided in a variety of settings – in the home, community, or skilled nursing facility. “Help” includes personal, social and medical services. 40% say that they think their health insurance will pay for long term care. The state advocates long term care insurance because it has a financial stake in how people plan for later life health needs.

RESOURCES

“Take the Road to Financial Security”. You can access information and worksheets in this curriculum by going directly to: <<http://fsos.che.umn.edu/stum/fsl/default.html>>. Marlene asked the participants to complete a form to respond to the question, “Are you prepared for financial security in later life?” Additional resources on saving and investing and retirement planning as well as other topics can be found by selecting “Consumer” on <http://www.ree.usda.gov/financialsecurity>. This site has been prepared and reviewed by Extension professionals nationwide.

Financing Long Term Care. A resource center for families has been created by the University of Minnesota Extension Service at www.financinglongtermcare.umn.edu. The site includes information about the basics, a decision-making tool kit, on-line self study, and an educator's tool kit. The goal is to help families to plan ahead and take action before a crisis.

Grandma's Yellow Pie Plate. The University of Minnesota Extension Service has prepared a family guide to making decisions about personal inheritance. The guide for planning for inheritance may be accessed through the Web site: www.yellowpieplate.umn.edu

MN Health Care Directive. The MN Health Care Directive (replacing the Living Will) can be printed out from Marlene's Web site: <http://fsos.che.umn.edu/stum>

Anyone approaching the end of life should take account of these resources. They provide unbiased, research-based information for educational purposes. They are prepared by educators who understand that financial decisions are about more than money.

DISCUSSION

- One kind of need that we should address is support for people who are grieving the lives they thought they were going to have, but won't have because of disability and loss.
- In this era of distrust, how can we find financial advisors whom we can trust?
Marlene responded:
 - If you need help deciding whether or not you need a financial planner and how to hire one, information can be found in *Planning for Retirement*, an Extension publication that can be ordered through the Web site: <http://www.extension.umn.edu/distribution/businessmanagement/DF7775>.

[html](#). Interview questions to ask prospective planners are in a worksheet contained in this publication. More information about financial planners can be found at:

<http://www.extension.umn.edu/distribution/businessmanagement/components/7775g.html>.

- Regardless of the background information that you have received, it is important to ask hard questions, such as: “Where are you making your money from?” “Who pays you?” Some advisors depend exclusively on customer fees so that they won’t be influenced by vendors, but they have a hard time making a living.
- Everyone needs to understand his/her finances – to take ownership and keep it simple. Understanding risk is key, and understanding the importance of diversifying is key.
- There are privacy issues and control issues. Who needs to know my business? How do I take advantage of someone’s expertise but still maintain control.
- There is a tremendous need for help with financial planning because so many of us have no experience, are afraid, and avoid confronting these issues.
- Is it possible that a group of VAN volunteers might be trained with the facilitator’s guide to provide this education? (Two or three participants said that they might be interested in this training. Marlene said that she would be willing to conduct a training session.)
- I find that “Start Where You Are”, by Ruth Hayden, is an excellent book.
- The schools should require financial education for youth to increase financial literacy.
- My husband and I volunteer with Junior Achievement and teach the curriculum called “The Economics of Staying in School” in high school classes.
- They should think of another name for “long term care” because most of us have been bugged by vendors of long term care insurance. We assume that anyone who mentions the term “long term care” intends to sell us insurance.
- There are a lot of factors that we don’t know about as we plan for the future. What are the parameters for Veterans benefits? What kinds of medical assistance are available? What does it mean when people talk about “elderly waiver,” or “alternative care”?
- Will my MN health care directive take effect if I am in another state?
- Every state regulates how you put your records and/or plan in writing. If you plan to spend a substantial length of time in another state, it would be worth checking out what their regulations are.

CLOSING

The meeting facilitator, Jan Hively, mentioned that the December VAN meeting will be held on Tuesday, December 9, from 10 a.m. to noon, in the new Midtown YWCA at 22nd Avenue and Lake Street in south Minneapolis. The presenter will be Jim Scheibel, former St. Paul Mayor, Director of the National Senior Corps, Director of Progress for Pride in Living (PPL), and now Director of Ramsey Action Programs (RAP)... and an active member of the Vital Aging Network. He will talk about a new framework to tap the Vital Force of our older adults to help build our communities. Older adults want to give back to their communities, share their rich experiences and make a difference. They want to leave a legacy. They want to continue to learn, explore, and grow spiritually. They seek to be active participants in their community. VAN can help them to get involved.

VAN connects older adults with education to promote and support their self-sufficiency, community participation, and personal enrichment. VAN is supported by the University of Minnesota's College of Continuing Education. See the VAN Web site at

www.van.umn.edu



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