

INSURANCE NEWSCAST can be read online at www.insurancebroadcasting.com

INSURANCE NEWSCAST

Wednesday, 04/25/07

[Subscribe](#)
[Unsubscribe](#)
[Change e-mail](#)

[Archives](#)
[Media Kit](#)
[Contact Us](#)

[Home Page](#)
Tel. 330-425-8399
over 350,000 subscribers

Read daily by the "best and the brightest" in the insurance industry.

To print this article, please click your print icon!

To e-mail this article, choose edit from the top menu, choose select all, choose copy, and then paste into your e-mail message

Compensating family caregivers

Sat Apr 21, 2007 9:23AM EDT

By Linda Stern

WASHINGTON (Reuters) - Here's a question likely to spark some sibling debates: Should families pay the dutiful daughter or son who steps up to be an aging parent's primary caregiver?

For many people, the first impulsive response is something like, "Heck, no!" It's about love, they'll say, not money. The whole idea of family members paying each other seems cold and calculating, and designed to sow dissent and hurt among the various family members.

But in fact, there are some good reasons to put money behind these arrangements. For starters, the family member who is providing the care may be giving up her own income (it's usually, though not always, a woman) and putting her own money into that care.

"If she's living with the person and doing cooking and grocery shopping and laundry and everything else, she should be asking for help for that too, in a financial sense," suggests Raeann Berman, co-author with Bernard H. Shulman, of "Caring for your Aging Parents" (Champion Press, 2005).

Some well-to-do families have also started formalizing these arrangements as a way of getting money out of the aging parent's name. That could help the parent more easily qualify for Medicaid if nursing-home care becomes necessary.

Some states -- Arkansas, California, Oregon and Washington among them -- have started paying families for care that they perceive can be done more carefully and more cheaply if done by a relative. Some long-term care insurance policies will pay for family care, too.

But paying a sibling to run errands, cook meals, drive to doctors and handle paperwork can cause problems within a family if it's not handled well, suggests Leo Kotzer, an estate planning attorney who co-authored "The Family War" (Continental Atlantic Publications, 2006). "You can introduce tax complications and you can reduce the size of the estate, and that may create a terrible family war," he said. It can be a trivialization of what the caregiver does. It can create bitterness."

If it's worth doing, it's worth doing in a way that would engender good feelings, not bad ones. Here are some tips for deciding whether a financial arrangement makes sense, and for implementing one without creating more problems than you solve.

-- Begin by holding the first of several family meetings. Share the work and the wealth. If one sibling is out of state and not in position to offer hands-on care, they might help by doing research on what programs are available. Perhaps they can chip in money that their on-site sibling can use to make the caretaking easier.

"I run into families with the kind of the sacrificial lamb, the one who did it all, all the time," says Bermin. "At that point, I have advised that you sit down with the family and say, look you will have to contribute. The right thing is to set everything down and work it all out... groceries, gasoline, the whole deal."

-- Find out what other financial help is available. If the parent owns a long-term care policy, determine whether it will cover paying a family member for the kind of home care, such as feeding and bathing assistance, that they would otherwise have to pay a home health aide for. Some policies will pay family members if they go through the effort to become a licensed home health aide, or if they have an arm's-length employment arrangement with a home care agency. (Some newer policies will pay out flat dollar amounts for long-term care and let the family spend it as they will, so it may be worth looking for a policy like that if you're shopping for long-term care insurance, suggests Marilee Driscoll, a long-term care insurance expert. Check with your state's department of aging to see whether the state has a program that could compensate one of your family members for care.

-- Talk about whether to pay now, or handle it in the will. Some parents leave the caretaking children greater shares of their estate, but unless that is discussed early with other siblings, it can lead to big family fights, says Kotzer. On the other hand, siblings may agree that the live-in caretaking child should inherit the house, for example, and would feel more comfortable with that arrangement than seeing their sister or brother receive a salary now.

-- Formalize the arrangement. If payments fit your family's needs, put that into a contract which expresses exactly how much the child should be paid, and for what kinds of care. This may be needed to demonstrate that the payments were legitimate and not a Medicaid-planning scam. Amounts should be realistic and market-based. The parent should work all of this out and agree to it while still able to make those decisions. If the parent is already dependent on the child to handle his finances and legal matters, and has given his caretaker power of attorney, it becomes very difficult for the child to work out such a contract with himself.

-- Or, just be very informal. If family members don't think a contractual arrangement and formal payments make sense, they can still offer some financial benefit to the caretaking son or daughter. Non-caretaking siblings, or the aging parents themselves, could thank the caretaker with the occasional restaurant, housecleaning or lawn-service gift certificate, both as a way of saying thanks and freeing up her time for more caregiving.

© Reuters 2007. All rights reserved.

[Return to today's INSURANCE NEWSCAST](#)

INSURANCE NEWSCAST from **InsuranceBroadcasting.com**

9221 Ravenna Road, Suite #D8, Twinsburg, OH 44087

888-282-1765 --- 330-425-8399

www.insurancebroadcasting.com --- wpodgurski@aol.com