



Article from
Retirement Section News
October 2020



Perspectives from Anna Caregiving, Housing and Support, and the Influence of COVID-19

By Anna Rappaport

I have been writing this column for a number of years. The column has appeared several times a year in most years. Some of the columns discuss interesting meetings and issues, including those that may not be the first area of focus for retirement actuaries. Recently the lives of Americans have been affected by COVID-19, social distancing and stay-at-home decisions. The focus of this column is on the need for support, caregiving, the family, and the link to COVID-19. I focus on several related topics and efforts: Society of Actuaries research and education, the priorities of the American Savings Education Council, a new educational program on planning for late-in-life, the 2020 ERISA Advisory Council topic selection, and what this all implies for employers and benefit plan sponsors. This article provides insight into the widespread interest in these topics and examples of the groups who are working to address them.

WHY CAREGIVING, FAMILY AND LONG-TERM CARE ARE IMPORTANT TOPICS

Many households find that they spend considerable time helping their aging parents. Society of Actuaries research indicates that the majority of people over age 85 need help and family is often the first source of help. New retirees may find that the first few years of retirement are heavily occupied with family commitments such as helping a spouse or aging parents, and that this makes it much more difficult to realize their dreams. Many retirees have managed satisfactorily despite having fewer resources than models and advisors suggest they need, but their financial situation may fall apart if they have a major long-term care event. COVID-19 has changed the daily lives of Americans, and it has been devastating for many nursing homes and other senior living facilities that offer support and care. Families face a variety of challenges and helping seniors who need care has become more complex. COVID-19 has increased the interest in



these important topics and it raises questions about what solutions are feasible and make the most sense.

SOCIETY OF ACTUARIES RESEARCH AND REPORTS

The Society of Actuaries has produced a considerable amount of work on retirement and COVID-19. Caregiving, housing and support, and family issues were relatively prominent in these efforts and conversations. COVID-19 has increased caregiving complexity and created some new challenges for retirees and those who support them. Some of the specific issues linked to COVID-19 are as follows:

- Communal living—Senior living facilities that include care or support such as nursing homes, assisted living and independent living include activities and common dining areas that bring together groups of people indoors. These facilities have had significant outbreaks of COVID-19 and many deaths. In some states, they have accounted for more than half of the deaths.
- A Range of COVID-19 Responses—Senior living facilities responded to COVID-19 in different ways. Some locked down for long periods, not allowing any visitors including family members and individuals who were playing supportive roles. Residents in some were required to stay in their

rooms with all meals brought to them. The activities that normally offered social engagement stopped.

- Caregiver Spreaders—Seniors using caregivers had to decide whether to continue their services or not during the pandemic, and caregivers are believed to have contributed to the spread of the virus.
- Family Interaction—Families that cared for seniors needing help had to decide what contact made sense and how to protect the various family members. The challenges were particularly great in households where there was an essential worker and in multigenerational households without much space.
- Paradigm Shifting—It is very possible that individuals and families will change the way they evaluate options for care and that there will be new structures that emerge for such facilities.

The Society of Actuaries completed a series of reports on COVID-19 and retirement issues. Two of the reports, “[Impact of COVID-19 on Senior Housing and Support Choices](#)” and “[Impact of COVID-19 on Family Dynamics in Retirement](#)” are particularly relevant for this article. The SOA COVID-19 reports can be found on the Society of Actuaries COVID-19 Research page: <https://www.soa.org/resources/research-reports/2020/impact-coronavirus/>.

The Society of Actuaries previously has done research with people age 85 and over, and various studies and essays that included content on long-term care and caregiving. The research on age 85 and over includes six different parts and is summarized in the report, “[Retirement Experiences of People Age 85 and Over](#).” One of the components of the age 85 and over work is a special report on cognitive decline. Cognitive decline changes all aspects of retirement and creates major complexity for caregivers. The report, “[A Conversation on Dementia and Cognitive Decline](#),” offers insights about cognitive decline and dealing with it.

The Society of Actuaries also issued a call for essays on Retirement and COVID-19. Some of them are related to these topics. The essays most linked to these topics are: “[Will Retirement Change Due to COVID-19?](#)” and “[Are CCRCs and Senior Housing Communities a Good Choice? COVID-19 and Risk in Arrangements for Senior Housing and Support.](#)”

The Society of Actuaries has several projects in process:

- The Stanford Center on Longevity and University of Minnesota are currently working with the Society of Actuaries and the AARP on the development and distribution of a Conversation Guide to help families have the appropriate

conversations about late-in-life financial management. The Society of Actuaries has sponsored the research needed to develop such a guide. The research included focus groups, in-depth interviews with experts, and other information gathering. The research report is expected to be released in the near future.

- The Society of Actuaries is partnering with [Financial Finesse](#) on a resource guide about late-in-life decisions. These are decisions for people who are well into retirement, but who must decide how they will get needed support, what help they need and how they will do daily money management and manage their medical care. These are the issues that arise when people who think they have a good retirement plan in place find that when challenges arise, managing them may not be so easy. COVID-19 serves to complicate these decisions. This brief should be helpful to the seniors and the people helping them and is expected to be available in 2021.
- The Society of Actuaries is doing a literature search on fraud, financial exploitation and how it relates to retirement plans.

CAREGIVERS AND THE AMERICAN SAVINGS EDUCATION COUNCIL (ASEC)

ASEC¹ is a group of organizations, both public and private, that provide financial education. ASEC serves as a forum for its members to exchange information in order to serve the public and their other audiences more effectively. At its July 2020 meeting, there was a roundtable titled: “Caregiving and COVID-19—What Issues Should Financial Wellness Providers, Advisors and Caregivers Pay Attention To?” The participants in the panel were:

- Anna Rappaport, chair, Society of Actuaries Committee on Post-Retirement Needs and Risks
- Catherine Collinson, CEO and president, Transamerica Institute
- Cynthia Hutchins, director of Financial Gerontology, Bank of America Merrill
- Naomi Karp, consulting research scholar, Stanford Center on Longevity

Some of the highlights of the panel discussion include:

- Caregiving is a topic of great importance to employers, individuals and the advisors and financial services companies that support them. More than one in five American adults are caregivers to other adults. At the same time, many are balancing jobs, some are also taking care of children, and needing to attend to their own needs.
- This is an emerging area for financial education, financial wellness programs, employers and financial advisors.

- Caregiving has many different aspects. Many caregivers are also financial caregivers and take care of the finances for the people they are helping. The Consumer Financial Protection Bureau (CFPB) has published guides to help individuals understand the responsibilities involved in financial caregiving. There is a [series of guides](#) on helping individuals manage someone else's money. The guides help the reader understand their role as a financial caregiver serving as a fiduciary. Each guide explains the helper's responsibilities as a fiduciary as well as how to spot financial exploitation and avoid scams. Each guide also includes a "Where to go for help" section with a list of relevant resources.
- There are many pitfalls for financial caregivers and there are legal responsibilities. Some of the pitfalls and challenges include not understanding the total picture and wishes of the person being helped, the possibility of the caregiver making poor decisions or misappropriating funds, failure to understand the role and requirements of being a fiduciary, and failure to put in place appropriate legal authorities to act on behalf of the person being helped. If arrangements to set up legal authority for financial support are not made on a timely basis, then it may be necessary to go to court and this can be very costly. This is a potential problem in the situation of cognitive decline and dementia. If the person who is offering support does not have appropriate legal paperwork in place, then banks, investment companies and others may not be willing to work with them.
- A [Transamerica Institute employer survey](#) found that fewer than one in five employers responding provide an employee assistance program that includes counseling and referral services or discounts or subsidies as backup for caregivers.
- This is an area when offering benefits to part-time employees would be particularly valuable, since many caregivers are working part-time.
- Many employers have added benefits helpful to caregivers to their financial wellness programs including flexible work hours, ability to work from home, subsidies for care providers, and care consultation programs. Many have made the benefits that have traditionally been available for new parents also available for caregivers.
- Another study² found that the majority of employees are unaware of the resources available to them and only about 33 percent of employees take advantage of the resources their employers offer.
- Financial advisors are increasingly recognizing the importance of weaving issues related to caregiving into their overall retirement and financial plans. There is an important business issue for advisors to decide how broadly they

will discuss these issues and where they will get the expertise needed.

- The vast majority of working caregivers make some adjustments in their working schedule or need to take some time off. COVID-19 has increased the need for single parents to leave their jobs to care for their children if no other policy exists to support them. Some two-earner households are again becoming one-earner households because of child-care demands.

ASEC is developing a new website and it will include a set of resources related to caregiving to help support financial wellness providers and financial education organizations who wish to help their audiences with these issues.

THE 2020 ERISA ADVISORY COUNCIL AGENDA

Each year, the Department of Labor's (DOL) ERISA Advisory Council³ studies issues of importance to the employee benefit system. One of the 2020 issues is "Considerations for recognizing and addressing participants with diminished capacity."⁴ Each year the council selects topics for study and they identify and talk to a variety of expert witnesses who provide information about different aspects of the topic and perspectives. This helps the council develop recommendations for the DOL. The DOL provides education and information to help plan sponsors, service providers and participants manage their benefits well. This topic seems to be focused on understanding diminished capacity including cognitive decline and identifying how to provide information to work around such diminished capacity. I will be testifying and providing information about related SOA research to the council. Two members of the SOA are on the council's drafting group for this topic, namely Andrea Sellars is the chair and Julie Curtis is a member of the drafting group.

AN EDUCATIONAL PROGRAM TO HELP ADVISORS DEAL WITH IN LATE-IN-LIFE ISSUES

Salem State University is now offering an Elder Planning Specialist program. The program is designed to help financial advisors become more knowledgeable about late-in-life issues. The topics for the program modules are as follows:

- Session #1: Understanding the Aging Process
 - Session #2: The Caregiver's Role, Research Old Old
 - Session #3: Legal Issues of Aging
 - Session #4: Long-Term Care and Long-Term Care Insurance
 - Session #5: Social Security and Medicare Planning
 - Session #6: Diminished Capacity, Elder Abuse, End-of-Life Plans
 - Session #7: Structuring and Conducting the Family Meeting
 - Session #8: Developing a Marketing Plan
 - Session #9: Building an Elder Planning Team, Conclusions
- Society of Actuaries research on individuals age 85 and over and on caregiving will be part of the syllabus. The first iteration of



this program is being held in September through November of 2020. The syllabus will offer useful information to people developing financial wellness programs, and the program may be useful for people working within wellness programs. For more information about the program, see <https://plan4lifefor.com>.

IMPLICATIONS FOR EMPLOYERS—A FOCUS ON THE CARE RECIPIENT AND RETIREE

Retirees, their caregivers and those who help them are concerned about paying for care when it is needed, building up the resources to pay for care, and finding suitable care when it is needed. Since housing can be related to care, housing choices are also an issue, as is location. Some of these matters should be dealt with long before care is needed, others when housing decisions are needed, and others when care is actually or anticipated to be needed. Planning early can help avoid emergency or emotional decisions, as well as moderate the cost. It is easier to buy insurance early because many people ultimately become uninsurable or the contingency becomes expensive to insure.

Employers can choose to play a number of roles:

- Remind people to consider these matters when planning for retirement.
- Provide information about and include long-term care related options in planning systems and software.
- Offer education and information about long-term care.
- Provide resources about long-term care financing and offer access to insurance products to help.
- Provide information on evaluating housing options through financial wellness programs.
- Help employees and/or retirees locate and evaluate options for living and/or care through an employee assistance program.
- Offer access to legal services through a prepaid legal plan.

Some of the topics that might be considered for the financial wellness offerings include helping employees understand:

- Long-term care and its impact on employees and their families.
- How to recognize and deal with diminished capacity and cognitive decline.
- How the potential need for long-term care affects retirement planning.
- How a potential caregiver should consider helping others and the needs of others in retirement planning.
- The options for financing long-term care.
- Where Medicaid fits in and how to obtain information about public benefits and services.
- How to improve one's chances of aging at home.
- How care is integrated with housing options.
- How to evaluate financial issues in making housing decisions integrated with care.
- Where to find local support groups, community and public sector activities and support services.
- Legal issues, resources to understand them and what types of documents are needed.

IMPLICATIONS FOR EMPLOYERS— A FOCUS ON THE CAREGIVER

The same initiatives may also provide help to the caregivers. Caregivers may pay a heavy price in reduced health, lost wages and savings for retirement. They are faced with stress and employers may be faced with declines in productivity when the caregivers are stressed out. They may need to deal with emergencies and have major challenges when there is a change in location for care. Employers can also play these roles:

- Offering flexible work schedules and time off that works for the caregivers.
- Assisting caregivers to reduce stress through the company's benefit programs.
- Facilitating use of employee assistance programs to assist the caregiver in locating and evaluating suitable facilities for care.
- Helping employees understand the role of professional care managers and helping them locate them.

CONCLUSIONS

As Americans age, they need more help. COVID-19 has increased the need for help and made it more complex to provide that help. The older population is increasingly female and many older women are alone, meaning there is no spouse or

partner to help them. Families are often impacted by older relatives needing help. These issues touch caregivers, and in turn, their employers, in a variety of ways. There are a number of strategies that different groups can use to help people deal more easily and efficiently with these challenges. This article has laid out some of the issues and provided insight into some resources and some of the different groups interested in addressing them. It has provided ideas for employers and it is hoped that this will, in turn, inspire employers to consider how to best assist their employees through this difficult time. ■



Anna Rappaport, FSA, serves as chairperson of the Committee on Post-Retirement Needs and Risks and the Steering Committee for the Aging and Retirement Strategic Research Program. She can be reached at anna.rappaport@gmail.com.

ENDNOTES

- 1 ASEC is a program of the Employee Benefit Research Institute.
- 2 [Bank of American 2019 Workplace Benefits Report](#) (page 15)
- 3 For information on the ERISA Advisory Council, see <https://www.dol.gov/agencies/ebsa/about-ebsa/about-us/erisa-advisory-council>.
- 4 The issue statement can be found here: <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/about-us/erisa-advisory-council/diminished-capacity-issue-scope-final-09012020.pdf>