

Human-Centric Investing Podcast

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Episode 8 – Helping Clients Who Are Caregivers

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Featured Guest: Dr. Joe Coughlin, Director of the MIT AgeLab

Intro: This is the Human-centric investing podcast with John Diehl where we look at the world of investing through the eyes of clients. Take it away John.

John Diehl: Hello, financial advisors, this is John Diehl, senior vice president of strategic markets at Hartford Funds. Welcome to episode eight of the Human-centric Investing podcast. Joining me today is Dr. Joe Coughlin, Director of the MIT AgeLab. Welcome back to the podcast, Joe.

Joe Coughlin: Great to be here, John. Thank you for having me.

John Diehl: Well, thanks, Joe. Today, we're going to be discussing the topic of caregiving and how financial advisors might be able to help their clients who are experiencing, some for the first time, what it means to be a caregiver.

And, Joe, I just got to ask you right off the bat. As a financial advisor, I may look at this topic and say what in the world does financial advice have to do with caregiving. I mean, literally, I'm not a social worker, but yet I know that it seems that this is something it is of importance to many of my clients. So, Joe, why is it financial advisors should be interested in this topic from your view point?

Joe Coughlin: Well, if you think about it, caregiving, and just to get everybody on the same page, is the informal provision of care or some form of support by a family member or frankly a friend. And when should financial advisors, should we say be involved or be aware or even care about caregiving? The fact of the matter is that if you are advising clients in their 40s and 50s, and I bet a lot of financial advisors find that to be their sweet spot, guess what, those folks are not only healthy and able, but they were also managing the care, or even just looking in on someone who's receiving it. One in four American families are providing upwards of 21 hours per week of help to a loved one.

So whether it's something as simple as taking mom to the doctor, or going to the grocery store, or frankly even having that phone call to say, "Hey, dad, how are you doing?" financial advisors need to care about this because it's costing their clients, not just a little bit of money in time, but it's a way for financial advisors to define themselves into being relevant and responsive to the life stage that those middle-aged clients are dealing with, and for those who have older clients, probably a spouse caring for a loved one themselves.

So yes, this is about a financial advisor doing more than money and doing the things that matter to me in my life, in my home, and matter most to me, emotionally, and indeed, financially.

John Diehl: Well, I'm guessing, Joe, you mentioned all those hours that we're spending caregiving. I know you've done a lot of work in this area and isn't it true that – I mean, maybe we don't realize it's so many hours because, heck, it just winds up something you do to help mom or dad out throughout the week, right? But what you find is those hours begin to accumulate over time, don't they?

Joe Coughlin: Yes. One of the things that most people do not think of is that, frankly, caregiving is a jargon term

by those of us who study aging or those in medicine. Frankly, most of us see it as being frankly just a good spouse or being good adult child. And so, those one out of four American families providing upwards of 21 hours a week, they don't see giving mom a ride to the grocery store as caregiving, but indeed it is.

John Diehl: And, Joe, I mean just to be a little bit more specific, we mentioned people in their 40s and 50s, but what else can you tell us about kind of characteristics? And I know it's hard to generalize, but who generally are the caregivers in the United States?

Joe Coughlin: Well, the profile of the caregiver, the number one caregiver, if you will, is a partner or a spouse, typically caring for their partner who may have had an injury, disability or be managing chronic conditions that require them to have a little bit of help.

But the big face, if you will, of caregiving in the United States, and worldwide is the 47 to 57-year-old oldest adult daughter. Think about the following, John. These women in midlife are likely to have far more adults that they are caring for, older adults than they are likely to have children, because if their loved one does not have another oldest adult sister, chances are, she is inheriting that responsibility or is lending a hand to help her own partner take care of his or her parents.

John Diehl: So, as I think about it, Joe, I mean, these caregivers may be facing responsibilities that they may or may not even provide to their own immediate family, right? So mom or dad are in need of some help, sometimes gradually, sometimes dramatically or urgently, and even from a financial standpoint, I may be thrust into a role such as bill paying or taking care of monthly reinvestments or asset allocations or so on so forth that I may not have any experience in.

So, I would think it would be a great catalyst, if a client were aware that caregiving was becoming a bigger need in their life, perhaps it would be worth a discussion to ask who the caregiver might be.

And if it isn't a spouse that you already have a relationship with, maybe it's the catalyst for beginning a conversation with that adult child, just so they really understand where all of the pieces are. Would you agree?

Joe Coughlin: Absolutely. Think of the number of financial advisors who are calling by phone, sending email, even in using snail mail, begging for an appointment with their client. And it's not that their client is ignoring them, they simply do not have the time to be able to provide those few moments.

Why? Because they're in the throes of work, family and indeed caregiving. A wise financial advisor or financial advisory firm should pick those topics that are relevant to me now, but also use that as a pivot point to provide financial guidance.

So having a seminar, a conversation about what is caregiving, what are the local resources that are around us? There are other people approaching the same problems. How are they dealing with it? And, yes, going back to the financials, an advisor's core business of how much does it cost and how do you finance it over time is key to the relationship, key to showing that you are empathetic and that you get your client.

John Diehl: So, Joe, I mentioned just a moment ago about how I know many clients, that I speak with, that caregiving is something that either gradually comes into play over time or it happens as a result of the something that happens physically to the person or to the client as they're moving through life.

But as you look at the topic of caregiving, Joe, I mean a lot of people are unaware of kind of all the things that caregiving encompasses. Is there a progression of any kind that exists as you look at caregiving as a topic?

Joe Coughlin:

John, let's take a moment and think about caregiving, because it does have – as we like to say a level of effort that only increases over time. So let me walk you through what it likely is to be. It begins with something as simple and as expected as social contact.

That phone call that is, "Hey, dad, how are you doing?" sometime transitions into the phone call of, "Gee, I wonder why dad didn't pick up on the first three rings." So we move from social contact to things like what I call "issues management." "Gee, the dishwasher broke or something looks like it's loose on the roof."

"Who do you think I should call? How do I get that done?" And all these things begin to stack up. So it's making the phone call. Getting things done around the house. How about health compliance, "Hey, mom, did you take your meds today? How are you feeling?"

All of a sudden, all those same tasks stay in place, but then are additive. So, for instance, driving, transportation, maybe you no longer feel that your loved one is capable of driving, or they are no longer comfortable to drive. Suddenly, you are now in the driver's seat doing social contact, issues management, health compliance and you are the chauffeur, if you will, for mom and dad to make sure that they can get around, or a loved one.

Food shopping, all those little simple things that people tend to do by themselves or as a household slowly transition to a loved one who's providing care. Another role that we see that starts to add up is the health care intermediary.

That's a very fancy clunky phrase, frankly for going to the doctor's office with the one that you're providing care to talk to the doctor and saying, "I know she says she is feeling well, but she is not reporting the fact that she was dizzy over the weekend." Or "I'm having a devil of a time to get her to take her meds."

All of these things begin to add up and then all of a sudden you start to see cooking, cleaning, perhaps even bathing and dressing and then health administration, financial administration, paying bills and the like.

And these things do not progress necessarily at a cadence that is predictable. It can happen with age. It can happen with an event, if a loved one falls and breaks a hip, suddenly they are in advanced caregiving stage or if they have a mini stroke or a larger stroke.

So one of the things that we have to look at is that birthdays do not predict when caregiving will kick in, health conditions do.

John Diehl:

Yes. So, Joe, maybe a good conversation for advisors to have with their clients who are caregivers or maybe even clients who are in need of care as they're making small talk or whatever is, what are some of the easiest responsibilities?

What are some of the things that you can do for mom or dad that really aren't that much of a hassle? Maybe it's taking them to the grocery store or whatever if that's something it's easy.

But maybe the better question is, what are some of the more difficult tasks that you're facing because I don't know about you, Joe, but in my experience, it's those difficult tasks, whether they involve things that I'm not really equipped to do or maybe that it's just practically impossible for

me to free the time to do where oftentimes people are going to look for resources that may aid them in that area. I think having a conversation around the caregiving responsibilities I think would be important.

Joe Coughlin:

Absolutely. And I think one of the things that we find too is that the caregiving is a very difficult thing to provide because very few of us have been given, shall we say, a training to be a caregiver.

And also, it leads to some very difficult conversations. People do not naturally hand over the car keys when it may be time for them to give up driving. And that's a conversation that often a caregiver or a very concerned loved one in a family often has.

How about managing money? That one of the first things that people really reluctantly want to give up is managing the cash flow in their house, their accounts and the like. It is tantamount to the most secure and independent thing we can do in our lives.

These life conversations that are often financial go very far to how we live and even touch on things like how long are you going to be able to stay in your own home, are very difficult, costly, emotional conversations.

And the financial advisor who can start to point to solutions, whether it's how to frame those conversations and The Hartford had certainly done quite a bit of work with us on conversations from driving to home modification and the like, but also having those larger discussions about managing money over time for someone who has been diagnosed with dementia or early stage Alzheimer's. These are not easy. They do progress, but there are resources to help families.

John Diehl:

Well, Joe, we talked a little bit about loss productivity and kind of those kinds of cost, but what do you call – what are the direct costs of caregiving and then are there any other things that we're missing when we think about the hidden costs of caregiving. So direct cost, hidden cost, how do you think about that? Because these tie directly to the financial advisor and the portfolio ramifications.

Joe Coughlin:

Yes. I want you to imagine this, we'll get to the dollars and cents because those are the easiest to see. But regardless of income, even low-income people are likely to spend nearly as much as \$300 or more per month on helping with pharmacy, helping with food, subsidizing transportation, little things that we don't necessarily think about.

You mentioned a moment ago, that oldest adult daughter who is providing that care typically or the spouse who has told their retirement advisor, "Oh, don't worry, I'm going to work longer." It no longer is about their health. It may also be about the health of a parent or the health of a loved one, because the cost that they are paying is going to be maybe no longer being able to work, maybe no longer able to take a job that requires travel.

Maybe not even being able to relocate because mom or a loved one is nearby and they require you to provide that care. The indirect cost unfortunately is to the well-being of the individual caregiver, often your client. And that is not just money as out of pocket, but unfortunately the paycheck is a cost to your well-being in terms of back pain, fatigue, loss of sleep and often unfortunately depression.

John Diehl:

Yes, I know that makes all the sense in the world, Joe. Well, one thing you mentioned earlier which I know sometimes financial advisors are a little bit at a loss for, which is you mentioned resources that can help their clients.

If I were an advisor that really didn't have much experience in this kind of caregiving world, where would you begin to explore local resources that might be available to me?

Joe Coughlin: Absolutely. And financial advisors are not social workers. But they should be a nexus, if you will, of resources to help me navigate old age in my parents and my loved ones so that I trust them to navigate my longevity as to what we call retirement.

And some of those resources that they may want to think about are very local. They should identify them. They should visit them. And they should make them available or at least be able to point the direction for their clients.

The first one I would think of not necessarily in priority, but is area agencies on aging. The federal government has mandated nearly 400 centers on aging services in every part of the United States, whether it's urban, suburban, or rural. And these services provide everything from meals on wheels to being able to identify home health aides, to being able to provide home care as well. And is also often the host of senior centers and adult day care.

For those that are managing a loved one who has Alzheimer's or dementia, the Alzheimer's Association has a very expensive nationwide set of chapters on being able to identify what services are available for the person receiving care, but also what chapters are available to support the caregiver in their struggle to provide care and to care for themselves.

We also have to think about AARP, has a site online as well that provides a number of resources for caregivers about how to care for themselves, as well as how to secure resources at the local level, whether it's on transportation, housing and the like.

And frankly, John, one of the things we don't tend to think about is that depending on the well-being, if you will of the older adult receiving care, many of the sharing economies services, the Ubers, the Lyfts, and the like that we think out there are the for kids, if you will for the so-called millennials, are also valuable services to have food delivered to mom.

Be able to provide a ride, essentially to provide that caregiver with a bit of a break so they can take care of themselves, perhaps their immediate family and provide the care that they wish to do. It's not just a good partner or spouse, but probably is a very good adult daughter as well and son.

John Diehl: That's interesting you say that, Joe. I was actually doing a workshop down in Atlanta last week and I had a woman approach me and say, "Gee, what you said about Uber was really right on target." She said, "I've been trying to convince my mother for years now to try that service out because she has difficulty driving, especially driving at night, I think it would really free her up."

Well, the funny thing, Joe, is upon leaving the venue, I ran into the same woman and her mother who are waiting for the valet to pull their car up. And her mother looked at me and she said, "Listen, at 86 years old, I don't need technology."

So, I think what was interesting to me and striking to me is that if advisors are having conversations on some of these companies and services that the advisors themselves may be using, I think it's crucially important to get people using these services not in their mid-80s, but in their 60s and 70s when they're not a necessity. They're a luxury.

But if they get a little bit used to these services and understand a little bit about what they do, I think, look, the number thing we always hear is I don't want to be a burden on anyone. Well, maybe by availing themselves to some of these new sharing economy companies as she mentioned, it might allow us to live independently longer than we may have in the absence of those services.

Joe Coughlin: You know, John, it's interesting. We've done work together on the Uber or so-called sharing economy, on new technologies and certainly on topics related directly to advice. But at the AgeLab as you know, we define aging as 45 and older.

And very few people would wish to think that 45 and older is old unless, of course, they're in their teens or 20s. But the reason why we use 45 as that target point is because we want people to adopt new technologies in ways of life that are convenient and cool in your younger years, but provide the connectivity and care seamlessly in our older years, both as caregivers and as recipients ourselves.

So the technology that works the best, whether it is a riding app or whether it's a home care app or a telemedicine-related service to the home. Those technologies that work best tend to be invisible and seemingly work like magic.

John Diehl: Well, Joe, kind of listening to the content of today's podcast, if you were an advisor listening to the podcast and this is near, I know several of my clients are struggling or have mentioned something to me about caregiving for a loved one. What are some things advisors could do today do you think that could begin to help them reach out to their clients who are dealing with these kinds of issues in their families?

Joe Coughlin: The first thing is I think that they should have material onsite, even if it's a one-pager to identify themselves as being fully knowledgeable of caregiving as a thing that is being done in their clients' lives.

They should not be afraid to share their own stories, with the average advisor being in their 40s and 50s. They or their wives or their husbands are also providing care. Remember, the number one element that we have discovered in our research that judges advisors more than anything else is, "Do you get me?"

So providing the resources and the stories that show that you understand caregiving and can help out or at least point the right direction goes a long way to solidifying that relationship and that overall business proposition.

But also I would say that in providing those resources, to have seminars, events and the like that open up a whole new vista, if you will, for what caregiving is about, whether it's senior housing, whether it's using Uber or Lyft and SilverRide to get people to where a meeting that you may have, perhaps doing the fieldwork yourself as an advisor to organize the resources in your area.

And then finally, John, I would suggest that they need to think about mapping out what the financial jobs are to caregiving. Now, how are they going to replace, if you will loss income due to disability or early retirement if it happens to be a spouse or a partner? So have them start thinking about who's going to manage household finances and how.

How are they going to afford and pay for home based services and informal caregiving as well as what the person may be having to take from work. They may also have to start thinking about financing, assisted living or long-term care. Where? How? How much? What kind of qualities will they be looking for?

And how will they provide the financial security that that person may have provided before they required care? The duty of a financial advisor is not just to provide the best financial security they can in retirement, but the new financial advisor that provides real value going forward is to anticipate and to navigate longevity, and caregiving is a part of that life.

John Diehl: Well, that's solid advice, Joe, and once again, I'd like to thank you for taking your time to be on our podcast today.

Joe Coughlin: It's been great, John. Thanks so much.

John Diehl: Absolutely. And for those of you listening, I'm sure that on our notes page connected to this podcast, we'll be posting whitepapers such as that that Dr. Coughlin just mentioned about the hidden costs of caregiving, which was written by Joe Coughlin.

And you can find more MIT AgeLab-related resources at our website, hartfordfunds.com/agelab. So until we get together again, I want to thank you for listening to our podcast. And we will talk to you soon on a future episode.

Thank you.

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