

Recent studies show that one out of every five adults of working age in the U.S. has provided care to an older adult such as a parent or grandparent. The care, consideration, and sacrifices revealed by this statistic are heart-warming because the relationships strengthened through the caregiving arrangement can be beneficial to the entire family.

At the same time, it's important to acknowledge that the investment of time and money in a caregiving arrangement is huge and that also has a significant impact on family finances. By engaging in strategic planning and taking advantage of opportunities available, family caregivers can reduce the financial burden, and that often allows the person receiving care to feel more comfortable. So here are a few factors to keep in mind if you provide or are considering providing care for an aging family member.

Plan for the Cost of a Nursing Home Even if You're Providing Care at Home

Nursing homes are ridiculously expensive, and many people find the institutional atmosphere depressing. So, many families hope to provide care for their loved ones at home for as long as possible. What they fail to realize, however, is that this type of care is not inexpensive either. Therefore it is important to plan to cover expenses and manage arrangements for home care with the same diligence as if you were preparing to cover nursing home costs.

Texas Medicaid can provide benefits to cover long-term care costs in the home as well as in a nursing home. By planning ahead, you can reduce countable Medicaid assets to qualify without spending everything an individual owns on care costs. For instance, assets can be moved to a Medicaid trust or retitled, and funds can be used to invest in

assets that don't count toward Medicaid asset limits.

Set Forth Terms in a Caregiver Agreement

Providing care is an extensive job, and in many cases, the person receiving care pays a family member or friend to perform services for them rather than hiring a stranger. These arrangements can be highly beneficial but should be memorialized with a written contract regardless of the relationship.

A caregiver agreement that specifies duties to be performed and payment that will be provided lets everyone know what the obligations are and where the money is going. This often reduces friction in the family and it can also point out places where there may be gaps in care coverage.

In addition, with a proper agreement in place, payments will not be viewed by Medicaid as gifts which could count against eligibility for long-term care benefits.

You May Qualify for Tax Credit

In situations where one family member is paying for the living expenses of another adult family member, the payor may be eligible for tax credits. Tax credits may also be available to cover a portion of payments made for another person's medical expenses.

Understand Your Options and Take Advantage of Opportunities

Planning ahead to meet caregiving needs can put you in the best position financially

What to Know if You're Caring for Your Aging Parents

and logistically to provide care for an aging parent. An estate planning attorney can prepare a caregiver agreement that meets legal requirements and help you determine whether a Medicaid trust or other options offer the best ways to conserve assets while providing for the family's needs. An attorney can also assist with guardianship or set up documents to avoid the need for guardianship.

We invite you to schedule a consultation with The Nordhaus Firm to learn more about the ways we can help you provide the best care for an aging parent or other family member.