Financial Aspects of Caregiving
GSA Momentum Discussions Podcast from The Gerontological Society of America

Produced by GSA, this podcast was supported by TIAA Institute.
Aired: November 9, 2023 at GSA 2023 in Tampa, Florida

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Announcer:
The Gerontological Society of America. Meaningful lives as we age.

James Appleby:
Welcome to the GSA Momentum Discussion podcast episode titled, The Financial Aspects of Caregiving. My name is James Appleby. I'm CEO of the Gerontological Society of America, or GSA. I'm pleased to serve as the host for today's podcast, which is being taped here in Tampa, Florida during the 2023 GSA Annual Scientific Meeting. I'm so pleased to have as our guest today, Surya Kolluri. Surya is head of the TIAA Institute. Welcome Surya. We're delighted to have you here.

Surya Kolluri:
Thank you, James.

James Appleby:
Surya, you'll be moderating a GSA Momentum Discussion tomorrow here in Tampa. Momentum Discussions are sessions designed to help illustrate and focus attention on topics that are particularly relevant, particularly hot, gaining a lot of momentum in the field of gerontology. The session you'll be working on is going to be exploring the financial aspects of caregiving. The Momentum Discussion, ***Playing the Long Game: How Longevity Affects Financial Planning and Family Caregiving,*** is based on a new report that TIAA Institute worked on with Mary Naylor at the NewCourtland Center for Transition and Health at the University of Pennsylvania. We're thrilled to have you here. Thank you for spending some time with us so we could talk about the new report. You recently released this new paper on financial caregiving. What motivated this project and what's it all about?

Surya Kolluri:
Indeed, James. Thank you. I'm so happy to be here. The Institute partnered with the University of Pennsylvania School of Nursing, Mary Naylor, who is the Director of the NewCourtland Center, and we explored the financial impact of caregiving on caregivers' budgets, careers, retirement plans, and general well-being. People know that when a loved one ages, they need help getting to the doctor, filling prescriptions, and providing other health care needs. We found that one in five adults also provide uncompensated care to loved ones with health problems. We are finding that too many people are taking on the role of financial caregiving without adequate information or support. What we wanted to do in this report was to explore this and provide information that people can use to plan and prepare for this likely role in the future in a way that doesn't force financial sacrifices within that person's financial and retirement plans.

James Appleby:
How do you define financial caregiver in your report? What's the way that listeners can better understand exactly what that is about?

Surya Kolluri:
I'll give you a definition, and I'll also put a number on it. When we think about financial caregiving, we think about two sets of activities. One might consider financial coordination, which is that you are paying bills, you're filing insurance claims, you're paying taxes, so you're coordinating the finances. The other one would be financial contribution. In other words, if I am the informal caregiver for the older adults in my family, I'm paying out of my pocket to do that. We find that nearly 90% of people who are caregivers are also financial coordinators. Nearly 70% are both financial coordinators and financial contributors. I'll put a number on this to make this meaningful. On average, we find that if one is a financial caregiver as well as a financial contributor, it might be up to $7,200 a year out of one's pocket.

James Appleby:
That is a pretty extraordinary finding. Many individuals are providing care for loved ones. I don't know if they are aware of these expenses when they begin to take on these responsibilities. There's so much happening in caregiving now, and certainly the federal government is focused on better understanding of how they can support family caregivers, et cetera. What is new in this report that you think listeners should be aware of?

Surya Kolluri:
This report provides a comprehensive compilation of insights and research that underscores how caregivers face a series of both financial and professional challenges. We decided to do this report now because the need for caregivers will likely skyrocket. Why is that? Each day in the US about 10,000 baby boomers turn 65. We know, given that we are at the Geological Society of America Conference, that we are living even longer. Since Social Security debuted in 1935, life expectancy has gone up 17 years from 62 to 79. We've all been accorded a longevity bonus. That's 17 years in just 90 years, which is an incredible feat. As we live these longer lives, one of the things that crops up is the need for caregiving. We dimension out all the things that need to be done so that people don't have a "hair on fire" moment when the caregiving incident happens, not only in terms of emotional needs, medical needs, but also financial needs.

James Appleby:
From what you understand, do individuals, members of the public, ever reflect on the fact that one day they may be caregivers? It often seems like the situation arises and people step in to help their family. While they want to take this on, I don't know that individuals consider that's part of the long-term future. I don't know whether financial advisors have those sorts of conversations with people or not.

Surya Kolluri:
We find this a peculiar thing that happens throughout one's life. Imagine one's life in life stages: You're a young adult, then you become a parent, you might become a caregiver. You might have tough life circumstances like widowhood and divorce. In thinking about retirement, in addition to thinking about it as a life journey, we'd like to think about it as a financial life journey. That layer people rarely consider in their life journey. Often, when there is an immediate need in front of them during a particular life stage, including caregiving, they spend money on that. What is it at the expense of? It's at the expense of their own retirement savings. There is a trade off at every step of the way, and when you get to retirement, you find there isn't money set aside to take care of yourself. The caregiving number I gave you is a specific example of that trade off.

James Appleby:
We are here at the GSA Annual Scientific Meeting. As an organization, GSA is committed to serving as a voice for advancing the study of all facets of aging. Central to GSA ideals is creating an equitable, diverse, and inclusive society that promotes meaningful lives as we age. Those words are carefully chosen. Are some ages, races, genders, or ethnicities impacted by caregiving more than others?

Surya Kolluri:
Thank you for raising this question. I'm equally passionate about this theme. In fact, at TIAA, our campaign is to reduce inequality. We do a lot of research along these lines. What we find, particularly regarding caregiving, is that the financial burdens of caregiving are often steeper for both women and for millennials, surprisingly. We found in our research that women have 30% less income than men during retirement. A disproportionate number of caregivers, 60%, are women in the current generation. About 25% of the caregivers are in their 20s or their 30s. That's especially difficult as you can imagine, James, because many people that age are also raising children, making them part of the so-called Sandwich Generation, and they're facing even more emotional and financial burdens. Becoming a caregiver at a young age is especially difficult because it's a time when people might have lower salaries because they're starting up in their careers. They should be taking their biggest strides in terms of saving their money for retirement. Thus, the caregiving burden falls unequally on the population.

James Appleby:
At GSA, unlike some organizations, we study aging with a life course perspective. It's fascinating to learn that multiple different generations are very much actively engaged in caregiving and our financial caregivers as well. What can be done? What in your report is illustrated about what can be done to help support financial caregivers?

Surya Kolluri:
Let me talk about this both from a financial advisor's perspective, a topic you've raised in your question, as well as from the employer's. Financial advisors should form relationships with social workers, human resource managers, and other professionals to make connections for the family that could be very helpful. They can take professional development courses. Earlier in my career I developed, in partnership with USC in Los Angeles, a gerontology certificate for financial advisors. We found that a very useful exercise. Financial advisors, in addition to managing money, should start getting into these kinds of conversations with their clients. It really changes the tenor of the conversation between advisor and client when they bring up topics like caregiving. Employers should also help employees navigate these challenging caregiving situations.

They can offer benefits, such as flex time. They could offer paid family leave, geriatric care management services, or maybe even emergency backup care. What I also find is even if employers offer these services, many times employees may not know these benefits exist. It's a conundrum. Many of these benefits are not properly utilized. I believe the answer for employers is to rely on the frontline managers rather than only relying on the HR and benefits function. When an employee has a need, the frontline manager can say, "here's a benefit that would come in handy for you as you're navigating this caregiving challenge."

James Appleby:
It's wonderful to hear your focus about what employers can do. I think for some time there's been an appreciation that employers want to support parents with young children recognizing that children may need to have pediatric visits and school activities, et cetera. Are you seeing that there is a growing interest in making sure that employers are also supporting individuals who are caring for perhaps aging parents?

Surya Kolluri:
I think the culture is slowly but surely changing. One of the things we have seen before, through and after the pandemic, is that employers care and focus on employee wellness, holistic wellness, financial wellness, physical wellness, and mental health has increased. They are eagerly looking forward to what are the suite of services they can provide to drive this wellness. The question then becomes what are the best practices and indeed in the Momentum Discussion that we're going to have tomorrow, the second topic we're going to introduce is what are the best practices of employee benefits that employers can provide?

James Appleby:
I look forward to the Momentum Discussion tomorrow. We've talked about what employers can do to help. Are there things that financial caregivers should be aware of that that they need to be doing proactively to try to help ensure that while they're providing this care for a loved one, they're also taking steps to keep themselves healthy?

Surya Kolluri:
Let's close the loop of employers, financial advisors, and families themselves. James, I'll start off with an anecdote. The previous Thanksgiving, my brother, my father, and I were together, and my father doesn't need care. He's 88, and he himself brought up the question of, should I need care, what should we do? The three of us availed ourselves of a caregiving consultation service that was an employee benefit. We had a practicing nurse visit my father's house to inspect his living quarters, inspect his medication, and give us a caregiving plan, should we have a need. That plan had all kinds of options and all kinds of pricing. It is in his lockbox now, but the three of us now have peace of mind because should the caregiving incident happen.

I would recommend that people have a consultation plan in place so that family members can know where to go to if there is a need. Caregiving is a gigantic task. There are medical caregiving responsibilities, there are companionship responsibilities, there are physical activity of daily living responsibilities, and financial responsibilities. It's inconceivable that one family member can do all of these. Secondly, I would suggest dividing these different roles based on comfort level, proximity, subject matter, expertise, so the siblings or family members can help each other. The third suggestion is to have paperwork in advance. I'll share a little research tidbit here, which is pretty telling. When elders in the family are asked, “what is the most important thing you want to leave behind?” They respond, “we want to leave behind our values, our legacy, our stories.” Money is there, but above money are values and legacy and stories. When we ask the same of the children of those elders, “what do you think about what your parents are leaving behind there?” Their number one response is “do not leave a financial mess.” There is a necessary and important role for the legacy to be handed down, but having paperwork in place is also crucial.

James Appleby:
Talking about working to plan for the care of your father makes me recall how scientific literature often refers to the idea of the caregiver burden. It's clear from interviews with caregivers that, while it is a challenge that we hear from caregivers, it wasn't necessarily a burden. As exhausting as it was, and even though they may have affected them financially, they felt it was an honor to care for their loved one. I wonder if you've seen or heard similar in talking with caregivers.

Surya Kolluri:
We arrived at a similar word when we did our research. Instead of the word honor, we arrived at the word blessing. It was challenging even to the health of the caregiver, but at the end of it all, they would do it again because it was a blessing.

James Appleby:
Wonderful. Well, Surya, we're coming to the end of our time here. Are there any final thoughts you want to make sure listeners are aware of?

Surya Kolluri:
Thank you, James. What I wanted to underscore was that we all have financial caregiving responsibilities, whether as caregivers ourselves or in our roles as managers, advisors, friends, neighbors, whatever role we are playing. We can use this knowledge to make and support more informed decisions so we can be a leader in our community. Going into 2024 and beyond, the TIAA Institute will continue to explore caregiving across different demographic lenses.

Surya Kolluri:
Our hope is to be there to work towards a financial future in which we are not only living longer, but also living healthily and with longevity fitness.

James Appleby:
It occurs to me that some of our listeners may not be familiar with the TIAA institute. Could you, in a few sentences, describe what the Institute is about?

Surya Kolluri:
TIAA Institute is a research think tank within the context of TIAA. TIAA provides retirement services and asset management services to higher education and healthcare in the non-profit sector. The TIAA Institute is constituted to do research in these areas along the topics of retirement and retirement security trends in higher education and healthcare in the nonprofit sector, as well as this topic of longevity and longevity fitness.

James Appleby:
Your orientation at the Institute on research and on thought leadership aligns very nicely with GSA and our members' focus on advancing new insights on important topics affecting us all as we age.

Surya Kolluri:
James, we are very proud to be members of GSA. The access to the membership that you have, and its wide diversity of the membership is very attractive to us. Thank you for having us on board.

James Appleby:
It's our pleasure. We've had a wonderful review of the report that's going to be shared tomorrow during your Momentum Discussion in helping people understand the financial aspects of caregiving with several "aha" moments in terms of some of the data points that you've assembled. I think the listeners of the podcast as well as those attending the Momentum Discussion will like that. You've also provided several very useful tips for things that individuals can do, but also importantly, what employers can do. In today's competitive workplace, I hope that employers are indeed paying attention and will make some of these changes to make themselves more of a preferred employer of individuals who are caring for loved ones who are aging.

Surya Kolluri:
Thank you, James. We are very much looking forward to the Momentum Discussion tomorrow.

James Appleby:
Thank you, Surya. Thank you for being here. Thank you for the support of TIAA Institute.

Announcer:
The Gerontological Society of America was founded in 1945 to cultivate excellence in interdisciplinary aging research and education to advance innovations in practice and policy. For information about GSA visit geron.org.