

SPENDING “SMART”

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Living through the Great Depression, a generation needed to be frugal, learned not to waste, and had to make due with what was available. And even for those born shortly after those hard times, a lifetime has been spent raising families and saving for a rainy day. And now, a rainstorm is in the forecast.

When an individual or couple reaches the point where they need to start spending for health care costs not covered by insurance, how can a family help ease the transition from Saver to Spender? How can you learn to become a **SMART** spender?

S – START the process early. Knowledge is key. Understand your total financial picture. Next, you and your spouse should realistically think about what your rainy day(s) may look like. Cost of health care and aging is expensive and estimates are that 70 percent of people 85 years and older will need long-term care services at some point in their future with most standard insurance policies not covering them. In New Jersey, a year in a nursing home can cost \$75,000 a year. In-home unskilled health care runs approximately \$20/hour.

M - MEET with your family and any trusted parties to begin a conversation about your Elder Life Plan. Having a frank and open talk with family, even if difficult, will ensure that your wishes are known and that everyone is on the same page. It is better to know well in advance what help is available, or unavailable, than to plan your future based on false expectations. Families in emergency situations make quick, and sometimes expensive, mistakes in their decisions because there is not an informed elder life plan in place.

A - ACCEPT that spending money on things you need to keep you functioning independently and safe is extremely prudent for the long haul. Be prepared to spend gradually -- a little along the way -- to prevent emergencies from happening in the first place. Hire an aide, driver, or handy person to help you for a few hours a week. Prevent a fall by using that walker, or only if someone is by your side. Move to a smaller home, apartment, or assisted living community while you are physically able and spend money to make it handicapped accessible if it is not.

R – REACH OUT for guidance and resources. Throughout the years, having been mostly in a saving mode, with your personality firmly wired as a saver, you now need to turn the switch to spender. Making this switch is extremely difficult. But often times in the long run, the most expensive option is to do nothing.

A Geriatric Care Manager can provide you with a comprehensive picture of all of the community service and financial resources available to you, including their cost. Typically an assessment runs several hundred dollars – and is worth every penny. The concrete plan you and your family will have will allow you to take steps within your budget to make sure you have the support you need. And if your situation or health status changes, a care manager will be available to help coordinate additional resources with you, like Medicaid, if your rainy day fund is depleted.

T–TRANSITION. Remember the adage, “You can’t control the wind, but you can adjust the sails?” During the Depression, families learned to adapt. During the country’s more recent financial decline, we have had to evolve to new economic reality, as well. Change is never easy at any age and transitioning from a saver to spender mentality is no exception. Just as hard earned money was spent on your children’s education or on necessities of the home, spending money to maintain your health and safety for as long as possible is a wise financial decision that is best achieved by starting early and gradually and being **SMART**.