

A Comprehensive Guide to Financial Assistance for Senior Care and Living Expenses

As you get older, there are a number of concerns you need to deal with, not the least of which are financial concerns. In fact, most things you need to deal with involve finances in one way or another, and when you're on a fixed income, it's more important than ever to be prepared. The same applies if you are someone in charge of caring for an older person, such as a relative, neighbor, or friend.

One of the most common questions we hear at every stage of our adulthood is, "Are you saving for retirement?" This stems from the fact that financial support for senior living expenses is often a struggle. If you are a caretaker, either as a child or a spouse, of someone who is in need of senior living, you are tasked with finding a financial solution. If you are a senior yourself, then you understand all too well the stress and strain of finances or lack thereof. Here is a comprehensive guide to assist in finding financial support for your perspective.

Let's take a look at a few of the topics you should know about.

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Senior Living Options

The biggest expense for seniors is housing. In addition to having a place to live, most seniors require more advanced care. This ranges in [cost](#), level of care, and supervision. On one end of the spectrum, there is [adult daycare](#), which is a low-cost program in which seniors receive daytime socialization and supervision. At the other end, there is nursing home care and [in-home care](#). This is the highest level of care with 24/7 supervision by a registered nurse, along with rehabilitation services.

Other high-cost senior living options include a retirement community where individual seniors rent or own housing properties. This community provides specialized services, such as on-site chefs, valet drivers, organized social activities, and onsite emergency care. Along these same lines are [continuing care retirement communities](#).

Here is a breakdown of the three main types of senior living services that are most commonly utilized by seniors:

- [Retirement communities](#) include senior apartments that provide total freedom but social access with other seniors; senior co-op in which seniors live in a community and share the costs of services; and independent living communities for seniors who want to enjoy senior activities and 24/7 emergency care, but still retain their own living environment.
- Assisted living facilities provide seniors with more personal, one-on-one care and often include personal care services, such as hygiene, transportation, medication, finances, and entertainment.
- Respite care, dementia/Alzheimer's care, and hospice care are all in-home senior care services focused on a specific situation. For example, with dementia/Alzheimer's care a patient requires a skilled nurse trained in helping seniors with this condition. [Hospice care](#) is an end-of-life in-home senior living service that helps seniors and families remain comfortable while transitioning to the final stage of life.

When handling the finances for senior living, the first goal is to choose the type of housing arrangement(s) that will best serve the senior's needs. Keep in mind in most instances a senior will transition to more than one type of senior living arrangement in their lifetime. By understanding the options available for seniors, you can identify senior living services that fit your budget and level of care needs. Now let's discuss all of the ways you can financially afford senior living.

Retirement Accounts

The first place most people look for financial support for seniors is via a retirement savings account. If your senior worked for an employer at any time since the 1970s, they may have a retirement fund. You will need to find the documents containing the account number and related information to access this account. Here are some of the most common types of retirement accounts in the US:

- 401k
- 403b
- 457b
- Thrift Savings Plan
- IRA

A 401k is the most common type of retirement plan because it is available to employees at their workplace. The 403b plan is also referred to as a TSA or tax-sheltered annuity. This type of plan is available to select ministers, nonprofit organization employees, and public school employees. Good to know, if the enrolled individual is over 50 they can make catch-up contributions of up to \$6,000 annually.

A 457b retirement plan is available to employees of schools, hospitals, churches, or charities run by local or state governments. The Thrift Savings Plan is part of the Federal Employees Retirement System. This is available for those in civil service or members of the military.

IRAs are discussed later on.

Facility Costs

What is the Cost of Nursing Homes?

The average cost for a private room in a nursing home in 2016 was \$92,000 annually, based on information gathered by Genworth Financial. This works out to about \$253 per day—an increase of 1.2 percent from the previous year. Since Medicare-certified nursing facilities make up over 90 percent of facilities around the United States, the following national average costs for Medicare senior care should be taken into account:

- Home Health Care – \$693
- Adult Day Care – \$1,492
- Assisted Living – \$3,600
- Homemaker Services – \$3,721
- Home Health Care – \$3,812
- Semi-Private Nursing Home – \$6,692
- Private Nursing – \$7,604

Personal Finance Options

For seniors who were financially successful in their working years, received sizable inheritances, or were in the military—these all provide other means of financial support. Let's start with seniors who had financial means in life. These individuals are more likely to have purchased their own home or to own real estate. Here are five types of personal finance options available to select groups of seniors:

- Reverse mortgage
- Real estate ownership
- Marketplace investments
- IRA
- Veterans' programs

For homeowners, there is the option to take out a reverse mortgage to pay for financial costs in one's senior years. A reverse mortgage is a financial agreement with the Federal Housing Administration (FHA) to exchange the equity of a home for payments. This is mostly used as a form of supplement retirement income and is only available for homeowners 62 years and older.

When the senior homeowner passes away, the surviving heirs must repay the mortgage loan in order to keep the house. The heirs have six months after the homeowner's death to start making loan payments.

For seniors who own real estate, this can be a stable form of income. Real estate properties with dwellings can be rented out for an income. Additionally, the property can be sold to help cover financial expenses of seniors.

Another form of personal investment along the lines of real estate is market investments. This includes purchasing stocks, bonds, and mutual funds. With each of these investments, a senior can increase their income through interest income and/or investment dividends.

An IRA falls into this category. While an IRA is a type of retirement savings plan, as noted earlier, it is based on investments. An IRA is established at a bank or brokerage firm. It involves investments in stocks, bonds, mutual funds, and cash deposits. There are two main types of IRAs—Traditional and Roth. Each type of IRA differs in the amount that an individual can invest and withdraw annually without penalty.

Finally, the last type of personal finance option for discussion is for [seniors who were in the military](#). Veterans' programs, such as Veteran's Pension for those over 65 and Veteran's Disability pension for wartime vets who can no longer work. [Aid and Attendance](#) is another form of veterans' benefits available for vets in a nursing home, who are blind, is bedridden, or requires aid for daily tasks of living. Aid and Attendance is only available to veterans who are also receiving Veteran's Pension or Veteran's Disability.

Bills & Records

Keeping accurate track of bills and records can become more difficult as a person gets older—but it's [just as important as it ever was](#), if not more so.

How to Prevent Identity Theft

Seniors are often more vulnerable to fraud and identity theft than other groups of people. If it does happen, you're better equipped to catch it immediately and take steps to get it resolved if you keep thorough and accurate records.

If you're caring for a senior who isn't equipped to deal with their own finances anymore, one important thing to do for them is to look at their credit card and bank statements thoroughly each month to see if there are any dubious charges. Everyone is also legally entitled to four free credit reports every year. By taking advantage of this, you can be alerted sooner to any significant changes to their credit score, which could be an indication that someone else is using their identity.

How to Locate Bills and Records

When a family assumes responsibility of their parents' affairs, it's necessary to gather copies of all significant records, such as their birth certificate, state ID, social security card, marriage certificates, any applicable death certificates (such as for a deceased spouse), tax returns, and military records. These records are necessary for Medicare, social security benefits, and a host of other things. Hopefully, they've kept them filed in a secure place that you can access easily. If not, you'll need to obtain replacements.

Most of these can be obtained by contacting the vital records office of the state where they were born, got married, etc. For military records, contact the military division of the [National Personnel Records Center](#).

How to Locate Citizenship Paperwork

If the senior citizen in question wasn't born in the United States, then you'll also need proof of citizenship for them. If they were born to U.S. citizens, then they'll need a Certificate of Citizenship. If they immigrated to this country and became

naturalized citizens, then they'll need a Certificate of Naturalization. In some cases, a valid U.S. passport will also work as proof of citizenship.

Again, hopefully they have this necessary paperwork filed somewhere, but if not, you'll need to go to the United States Citizenship and Immigration Service and fill out Form N-565 to be issued a replacement.

How to Locate Pension and Social Security Benefits

If you or someone you're caring for is supposed to receive a pension from an old job, there's documentation for that too—and losing it can cause more problems than you may realize. While it's not the end of the world, losing your pension documentation can hinder your ability to collect Social Security benefits. Plus, you're missing out on money that you're entitled to. If you have, or think you have, a pension that you're not collecting on, here are some steps to take to find it:

1. **Contact Your Previous Employer** – Unions that are closely tied with your former employer's company may now take control of the pension plan.
2. **Contact Insurance and Financial Companies** – In some cases, the assets contained in a pension plan might be passed on to an insurance company or financial institution.
3. **Contact the Pension Benefit Guaranty Corporation** – If contacting the responsible parties directly doesn't work, the Pension Benefit Guaranty Corporation helps you get the matter sorted out. They're an independent agency of the U.S. government that insures defined benefit pension plans, and can pay you what you're entitled to, even if the pension is lost or cancelled. We'll discuss them more in a later section.

Financial Plans

Eldercare Costs

The cost of elder care totally depends on what kind of services an elderly person requires, as well as where they are located. Let's take a look at some averages:

1. **Continuing Care Retirement** – \$50-\$200 per hour for 20-40 hours' worth of work per week.
2. **Non-Medical Home Care** – Provided by Home Care Aides, this non-medical assistance is priced at \$15-\$26 per hour based on the 2015 national average.
3. **Home Health Care** – Also offered by Home Health Aides, this type of health care involves the use of medical equipment for monitoring respiration, temperature, pulse, etc. The 2015 national average was \$16-\$27 per hour.

4. **Adult Day Care** – Centers offering adult day care services provided assistance for \$35-\$124 per day, based on the 2015 national average.
5. **Care Planning and Management** – A Geriatric Care Manager (GCM) would usually charge Communities (CCRCs) – Somebody who lives in this type of residents for skilled nursing/independent living/assisted living would pay \$60,000-\$120,000 as an entrance fee, followed by a monthly maintenance cost of \$400-\$2,500.
6. **Senior Living/Assisted Living** – Social/recreational activities and basic health services were priced at \$3,600 per month as of 2015. However, prices vary per state and so, the state averages varied from \$2,525-\$5,745.

Women's Institute for a Secure Retirement (WISER)

This nonprofit organization is dedicated to improving long-term financial quality of life for women. The institute aims to assist females in finding investment solutions that work for their healthcare needs.

PrimePlus Services/AICPA Eldercare

These professional services are both customizable and unique. Elder planning services of this kind will come in handy for anyone who is transitioning in some way, whether it involves launching a business, planning for retirement, or something else.

Insurance

A primary concern for caregivers of seniors is medical expenses. As we age health issues become more prevalent, as well as increasingly costly. In addition, seniors are far more likely to require additional care with everyday tasks. Assisted living facilities, senior communities, and nursing homes provide this care, but for a high price tag. This is where personal health insurance coverage comes in. Here are the five most common forms of personal health insurance:

Health Insurance

The most common type of health insurance is private health care coverage from an insurance company. This medical insurance is sourced from the individual and can include prescription drug coverage, as well as dental and vision care. It does not include Medicare; that is a government-backed health care plan we will discuss in the next section. For seniors who are over 50 but not yet 65, they may have private health care sourced through their employer or from the Affordable Care Act.

Annuities

This is a long-term investment that an insurance company will issue as a way of Privacy - Terms

[protecting your finances](#). Your contributions will reduce the risk of outliving income. First, you purchase an annuity and contribute money to it, while you have a steady income. Then, in your retirement, you receive regular payments on what you've contributed, which will theoretically last the rest of your life.

Life Insurance

You may think that buying life insurance in your 60s is futile. After all, the older you get, the higher risk you are. But there are certain policies you can still obtain [which cater to seniors](#) and don't require a medical exam.

In particular, you may want to look into term life insurance policies, which pay out if you die within a specified period of time—usually 10, 15, or 20 years, depending on your age when you purchase it. Shop around and gather as many quotes as possible to find affordable coverage options that meet your needs.

LTC Insurance

[Long-term care insurance](#), better known as [LTC](#) or [LTCI](#), is a type of insurance product sold in the United States, as well as Canada and the United Kingdom. Included in coverage is personal/adult day care services, nursing home care, and home health care for ages 65 or above.

Viaticals

When life insurance is converted to fund elder care, it will be considered a viatical settlement. This type of life settlement is the perfect solution for assisting an elderly person living at home. It can also be used to fund long-term care expenses, medical expenses, or bills. Approximately 60-90 percent of the policy's face value can be netted by the policyholder, who will receive payments in one lump sum.

LTC Reform

Organizations Working Towards LTC Reform

The older you get, the more help you need with various facets of your regular routine. And the longer you live, the more likely you are to require long term care, such as in a hospital or nursing home. This can include medical care, as well as help with day to day tasks.

Of course, this costs money, and many people who need these services don't have enough to pay for them. You can buy LTC insurance, as discussed above, but even that isn't always practical. That's where [LTC reform](#) comes in. There are a number of organizations, both public and private, around the country, and around the world, dedicated to helping people get the care they need, such as...

- **The Florida Council on Aging**
- **National Academy on an Aging Society**
- **American Society on Aging**
- **Canada National Advisory Council on Aging**
- **Global Action on Aging**
- **Age Concern of England**
- **And many others**

Medicaid

Academy of Florida Elder Law Attorneys (AFELA)

This non-profit association works with older clients in the state of Florida. Founded back in 1993, the AFELA is a law firm that assists seniors in dealing with payments/affairs for long-term Medicaid care.

Georgia Association of Community Care Providers (GACCP)

The members working at GACCP provide a single/several types of services, including home delivered meals, personal support services, emergency response system, and alternative living services. The association operates on a Code of Ethics to ensure the Medicaid services are of the highest standard.

Department of Human Services of Hawaii

The mission of this organization is to provide elderly individuals with efficient programs, benefits, and services in a timely manner. Benefit fraud, neglect, and abuse reports are three things that can be dealt with by the department.

Alaska Department of Health and Social Services

Senior and disabilities services are offered through the Alaska Department of Health and Social Services. As the primary public program for long-term care and health financing, elderly individuals can rely on this department for public assistance with Medicaid.

Medicare

Medicare HMOs

A Health Maintenance Organization (HMO) is different to original Medicare in the sense that in an HMO, a co-payment (fixed amount) is paid for services. Health care cannot be provided from just any healthcare provider, doctor, or hospital with HMO plans. Instead, the care must be received from health care professionals operating within the network.

Medicare Reform

Although the budget has been cut for Medicare reform, people receiving Medicare are not affected in terms of the benefits they receive. The budget agreement will cut Medicare savings by \$100 billion over the next five years. The downside is that \$15 billion in premiums will be collected from recipients over the next five years.

Medigap

This type of additional health insurance can be acquired from a private company. Medigap covers health care costs that would not be covered by the original plan, including deductibles and copayments.

Pensions

The Problem with Pensions

Pensions have become less common in recent years than they used to be. As an incentive to work at a particular company, many employers will set aside [a retirement account for their employees](#), funded and managed by the company. Some unions provide this for their members as well.

Unfortunately, many employers later find that they are unable to fulfill the monetary obligations that they agreed to. Especially when the economy is less stable, employer-funded pensions are often more of a luxury. Instead, more and more common is the 401(k). Workers set aside money for their retirement out of their own pocket, which is deducted from each paycheck, up to a certain amount per year.

Pension Benefit Guaranty Corporation

As we discussed earlier, the PBGC is an independent agency of the U.S. government, with the responsibility of making sure people get the pensions they're entitled to. They provide pension insurance, so that if an employer no longer has the means to fulfill their obligations, the PBGC will cover the pension, which you can receive as either an annuity or a lump sum.

If you think you're entitled to a pension, but aren't sure, if it's insured by PBGC, they can help you find it. A [search engine on their site](#) allows you to look for your pension by your name, or by the company's name or address.

Reverse Mortgages

What are Reverse Mortgages?

Many retirees whose homes are paid off, but who are on a fixed income, choose to supplement their finances with a reverse mortgage. In this arrangement, a person aged 62 or older can [take out a loan based on the equity in their home](#), but defer

repayment until later. This can be after they've sold the property, or even after their death.

Once you've taken out the loan, there are several options for receiving the money. You can take it all at once, as a single, lump sum. You can receive small, monthly payments as a supplement to your existing income. You can use the money as a line of credit. Or you can do some combination of these options.

Pros and Cons of a Reverse Mortgage

A reverse mortgage can be a tremendous benefit, but it's not without problems. If you're having trouble getting by on your fixed income, it can give you the extra you need, with flexibility in how you receive that money. However, even though you're not making payments, interest is still accruing, and continues to build up every month. And since this isn't offset by regular mortgage payments, the amount you owe can continue growing, to the point that when the time does come for you or your loved ones to pay it off, the loan amount exceeds the actual value of your home.

This doesn't mean that a reverse mortgage can't be a viable option in certain circumstances. But it does mean that you should make sure to find an honest, reputable lender who will work to find the plan that's right for you, and preventing you from ending up owing an arm and a leg down the road. The way to do this is to go through the National Reverse Mortgage Lenders Association. A nonprofit organization, they can help you find a reputable reverse mortgage lender to help meet your needs.

Social Security

Social Security in the Modern Age

The original purpose of social security was to provide retirees, along with those whose disabilities prevent them from working, with a living wage. A portion of each paycheck goes towards the social security fund, and when you reach retirement age, you can collect benefits. You can collect partial benefits beginning at age 62, or full benefits at age 66.

Unfortunately, social security isn't enough to provide a living wage for most people today. Cost of living increases don't reflect the actual cost of living, and since more money is being paid out than is coming in, many experts worry that the fund will be depleted within a couple of decades.

Therefore, social security in the modern age shouldn't be relied on as a complete

income replacement, but rather as a supplement, alongside other income streams, such as a 401(k) or pension plan.

Taxes

AICPA Eldercare/PrimePlus Services

Taxes are an important part of anyone's finances. It's no different for the elderly. Even if they're not working a regular job anymore, they still have income that needs to be declared, such as the earnings from an IRA or a 401(k). Often, this income is exempt from taxes while you're saving it up, but once you start collecting it, it must be declared, along with social security benefits, pensions, and any other income you may have.

Unfortunately, as people get older, they may find it increasingly difficult to file their taxes properly—particularly since the forms for retirement income are different from what they got used to filing during their working lives.

The simplest solution is to look into the AICPA's (American Institute of Certified Public Accountants) Eldercare and Prime Plus services. They provide CPAs to seniors to help them with a variety of financial issues, including taxes, along with end of life costs and other facets of eldercare, to make sure that you're not left out in the cold.

VA Benefits

U.S. Veterans Benefits Administration

If you've served in the military, then you may be entitled to certain VA benefits, including a pension, as well as disability benefits, health care, life insurance, and more. The [U.S. Veterans Benefits Administration](#) helps those who served their country, as well as the families of those who served, to obtain benefits and services that might be difficult to get otherwise.

If you think you're entitled to specific benefits, check their website to see how to apply for them. You can also search to see if there's a VA center in your area, which can provide you with a variety of medical and social services for a much lower cost than you would pay elsewhere.

Financial concerns can be a bit tricky as you get older—but they don't have to be. There are plenty of options and organizations that can help you remain financially solvent and keep your affairs in order.

Government Services for Seniors

For financial support for seniors over 65, there are several sources of funding that are available via the state and federal governments. These include:

- [Social Security retirement benefits](#)
- Medicare Parts A, B, C, and D
- [Medicare Supplement Insurance](#)

Social Security benefits for retirement are available at age 62. However, for seniors who wait until they reach full retirement age, they are eligible to earn more per month. The full retirement age ranges from 65 to 67 depending on when the senior was born. For individuals who were born prior to 1935, the age is 65, while those seniors born between 1943 to 1954 must be 66 to be considered fully retired.

This amount also varies according to how much the person earned over their lifetime. In 2015 the average payout per month for Social Security was \$1,328, while the maximum payout for full retirement age was \$2,663. On average an individual will receive \$16,000 annually from Social Security benefits. If the individual has previously qualified and currently receives Social Security Disability Insurance (SSDI), then they will not be able to get Social Security retirement benefits in addition.

Medicare is the national social insurance program available to seniors over age 65. Individuals can also receive Medicare prior to turning 65 if they also receive Social Security Disability Insurance. Medicare comes in four different parts:

- [Part A](#) Hospital Insurance
- [Part B](#) Medical Insurance
- [Part C](#) Medicare Advantage
- [Part D](#) Prescription Drug Coverage

Most seniors will have Part A and Part B coverage. Medicare Part A is generally free as long as the individual paid Medicare taxes for a number of years while employed. Part A pays for inpatient care received in a hospital or nursing facility, and in the home in limited cases. Medicare Part B covers most doctor services and outpatient therapy. According to Medicare, individuals pay a standard amount annually as the premium, which is \$137 in 2017. Once the premium is paid, the individual pays 20 percent of services including doctor visits, outpatient care, and medical equipment costs.

Medicare Supplement Insurance, also known as [Medigap](#), is a type of medical insurance used to cover costs that Original Medicare doesn't cover. This is sold by

private insurance companies. Medigap insurance coverage is used to pay for medical costs, such as medical costs outside of the US, deductibles, copayments, and coinsurance. To sign up for Medicare Supplement Insurance the senior must have both Part A and B of Medicare coverage, but they cannot have Medicare Advantage plan coverage.

Affordable Living Programs

We have discussed seniors who have been financially proficient in their working years. However, we have yet to discuss financial support for seniors who are living near or below the poverty line. According to the National Council on Aging, more than 25 million seniors age 60 and up are economically insecure. This means they are living on less than \$29,425 a year, which causes financial stress when dealing with rising housing, food, energy, and transportation costs. Tack on the increased costs of medical care for seniors, and the financial issues for this socio-economic group become dire.

Thankfully there are several financial resources to support affordable senior living. These include:

- Social Security Income or SSI
- Medicaid
- Program of All-inclusive Care for the Elderly or PACE
- Nonprofit organizations
- Social networking tools

Social Security Income is a form of financial assistance available to low-income individuals age 65 and up, as well as those who are blind or disabled. SSI gives low-income seniors cash each month for them to pay for housing, food, and clothing. Can a senior receive Social Security benefits and SSI at the same time? Yes, if the individual has limited assets and resources, which when combined with Social Security benefits means they are still living below the poverty line.

Individuals who qualify for SSI will be automatically enrolled in Medicaid in most states. If the individual lives in a state that does not automatically enroll them in Medicaid, they will have to apply for this on their own. Medicaid enrollment is handled by local departments of family and children services. Unlike Medicare, Medicaid can be used to fund long-term care.

Medicaid is actually the largest financial source for long-term care in the US. For seniors who are financially in need, [Medicaid and Medicare](#) work together to provide

a more comprehensive health care benefit. It also covers medical costs for seniors who were not able to take out private health care coverage or long-term care insurance in their adult years due to financial constraints.

Another form of comprehensive medical coverage for seniors is the [Programs of All-Inclusive Care for the Elderly](#). PACE offers medical and social services for seniors who are eligible for Medicaid. It is a program offered by Medicare and Medicaid to help cover expenses of seniors who want to stay within their community rather than going to an assisted living or nursing home.

- To qualify, the senior individual must be eligible to go into a nursing home, while still able to reside safely within their community.
- With PACE the senior gets all medical and social services from an integrated group of healthcare professionals.
- They no longer go through health care providers via Medicaid or Medicare, and PACE handles the financial services for the senior.

In addition, there are several nonprofit organizations that provide services for low-income seniors. One way to find these locally is through the [Area Agency for Aging](#), which has regional offices nationwide. The Area Agency for Aging provides information regarding care and housing for seniors in need. For caregivers, the agency also offers free care guides and articles pertaining to topics, such as [incontinence](#), Alzheimer's disease, and [sleep disorders](#) for seniors.

Final Advice for Financial Support for Seniors

We have covered all of the different ways in which you can provide financial support for seniors of most backgrounds. However, the key to making the most of this support is by planning ahead. Whether filing for Social Security or Medicare or utilizing interest income or real estate investments—you need to be prepared with all of the necessary paperwork. If you are a caregiver, or a senior yourself, start this process by gathering up all of the vital documents, certificates, account numbers, and even online passwords. Create a folder with all of this information so that whenever you are working toward a new form of financial support, you can streamline the process. This will alleviate stress and worry when trying to secure financial means, and it will also allow the senior to reap the benefits in a timely fashion.