ADVANCE PLANNING FOR CHANGES IN FINANCIAL CAPACITY

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• Predicting vulnerability to consumer scams and elder financial exploitation
• Fraud prevention and intervention
• Retirement security and financial planning
SELECT PUBLISHED WORK


1. Consequences of failing to plan for incapacity
2. What is advance financial care planning?
3. Overview of research aims and activities
4. Barriers to planning
5. Gaps in knowledge
6. Motivating people to plan
7. Framing approaches / effective messaging
8. Key takeaways
ADVANCE FINANCIAL CARE PLANNING IS A HEDGE AGAINST THE POTENTIAL COSTS OF INCAPACITY

Costs can include:

1. Financial mistakes / poor decisions
2. Family disagreements and stress on future caregivers
3. Victimization by fraud and scams
4. Victimization by financial exploitation
5. Loss of autonomy due to guardianship
WHAT DOES PLANNING ENTAIL?
STEPS IN ADVANCE FINANCIAL CARE PLANNING

**STEP 01**
- Identify a trusted surrogate decision-maker (a “financial advocate”)

**STEP 02**
- Get finances in order

**STEP 03**
- Start an open conversation with preferred financial advocate

**STEP 04**
- Obtain a POA for finances or other legal document

**STEP 05**
- Gradually transition financial decision-making responsibilities to advocate
BENEFITS OF ADVANCE FINANCIAL CARE PLANNING

1. Reduces opportunities for fraud and exploitation
2. Reduces the likelihood of poor financial decisions
3. Eases uncertainty and burden on future financial decision-makers
4. Increases the odds that financial needs and expectations are honored
MAJORITY OF AMERICANS DO NOT PLAN FOR INCAPACITY

Have made no plans

- All adults: 46%
- Age 50-59: 56%
- Age 60-69: 40%
- Age 70+: 27%

Have considered a POA but not completed one

- All adults: 14%
- Age 50-59: 14%
- Age 60-69: 15%
- Age 70+: 13%

Have informal plans for someone to act on my financial behalf

- All adults: 14%
- Age 50-59: 17%
- Age 60-69: 13%
- Age 70+: 13%

Have a financial POA

- All adults: 23%
- Age 50-59: 28%
- Age 60-69: 28%
- Age 70+: 35%

RESEARCH AIMS

1. What are the barriers to advance financial care planning?
2. What will motivate aging adults to engage in planning?
3. What messaging is most effective?
4. Are their gaps in knowledge about the planning process?
## Research Activities

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<tr>
<th>In-depth Interviews</th>
<th>Focus Groups</th>
<th>Online Discussion Forum</th>
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| 14 professionals (elder law attorneys, financial advisors, daily money managers, neuropsychologists, physicians, geriatric care managers) | 1. African American  
2. Latino | 120 adults age 60+ |
| 4 older adults  
6 caregivers | 3. Low-income (< $30K)  
4. Middle income ($30-75K) | 2-week long engagement |
### BARRIERS TO PLANNING

- **Denial of need**
  - "People don't want to think about dying, they don't want to think about getting old. It's hard, it's emotional to think about...And so I think people would rather just avoid it or say, 'Oh, I'm going to do that tomorrow.'"  
    - Financial advisor

- **Desire for privacy**
  - "To my kids, my daughters, I want them to think I'm very successful. I don't want them to know that I'm up to here [gestures above head] in debt."
    - Male focus group participant
BARRIERS TO PLANNING

Resistance from friends/family

- “You want to have this discussion with your kids? They're like, ‘Mom, Dad, we don't need to talk about it. That's way down the road.’”  
  - financial advisor

Dysfunctional family dynamics

- “If he can't take care of his money, how is he going to take care of our money?”  
  - female focus group participant
Lack of available advocates

- “We don’t have anyone to take over for us if there are problems. None of the kids are willing to take on the tasks. They figure they have enough to do taking care of themselves. So basically we are drifting along.” - online participant

Poverty and financial myopia

- “Finances? When you don’t have enough money to begin with, planning seems useless, although I do try to save money.” - online participant
ERRORS IN THE PLANNING PROCESS

- Thinking that only wealthy people need a financial advocate.
- Believing a spouse will take charge.
- Not choosing the right financial advocate.
- Failure to communicate financial values, expectations, and needs.
- Not organizing information for the advocate.
- Waiting too late to plan.
- Waiting too late to transition financial responsibilities.
GAPS IN KNOWLEDGE

“My sister and I don't have a financial advocate. We wouldn't even know where to start. I think the holdbacks for both of us are where to find one and the overall cost of having one. Having more information on what is available and how to determine a fair cost are the main challenges.”
SIGNIFICANT CONFUSION AROUND POAS

Often confused with healthcare POAs, wills, and advance directives.
Lack of understanding of why they are needed.
Belief that they costly to obtain.
Confusion about what powers they give/don’t give to an agent.
Not recognizing the downsides of free POAs available online.
MANY OLDER ADULTS RELY ON JOINT ACCOUNTS

Joint accounts are used as an easy way to give a caregiver financial access. Many do not understand the risks and downsides.
HOW DO WE MOTIVATE PEOPLE TO PLAN?

“Educate and inform the public: Why is this important? What is it? What are the benefits? Why does this matter? What are things to think about that many folks have yet to consider? Don't "scare" them. Inform, educate and support them.”
OLDER ADULTS NEED A BOOST OVER THE BARRIERS

Need to simplify the process of developing an advance financial care plan.

Adults need a step-by-step guide that they can follow at their own pace.

Guide should include helpful prompts (e.g., list the charities that you want to continue supporting), checklists (compile the following account information), tips (sign up for auto-pay, use a password manager), and example conversation starters.

Certain groups need special care: “solo agers”, geographically distant families, low-income individuals, adults with blended families/complex relationships.
EFFECTIVE MESSAGING
Stories of others overcoming the barriers to planning are both motivating and informative.

Messaging should be positive (stay in control as you age), rather than negative (avoid scams and fraud).

Messaging should clarify that planning is important regardless of age or income and savings.

“Peace of mind” messaging resonated the most, but other messages were also effective.
PREFERRED MESSAGING FRAMEWORKS

- Peace of mind: 39%
- Financial protection: 16%
- Family harmony: 13%
- Avoid being a burden: 23%
- Autonomy and control: 10%
TERMNOLOGY MATTERS

LESS MOTIVATING TERMS

“fraud” / “scam” / “financial exploitation”
“cognitive decline”
“memory problems”
“burden”
“illness”
Financial & legal jargon

MORE MOTIVATING TERMS

“open conversation”
“financial advocate”
“trust” / “integrity”
“unexpected health problems”
“peace of mind”
“prepare for what lies ahead” / “prepare for the future”
FROM THE VOICE OF THE PARTICIPANT

"Failing to plan is planning to fail."

"It's not a matter of losing control, but gaining oversight and assistance."

"Extra effort now can provide peace of mind later."
Older adults will engage in advance financial care planning, BUT they need information, tools, and support to inform their choices and motivate them to take action today to be ready for tomorrow.

Learning about the process with a group is effective; Research participants were grateful for the opportunity to share and learn from others.

Low-income adults need additional supports and education about why advance financial care planning is important and how to obtain low cost or free POAs.

More daily money managers and other professional fiduciaries are needed to meet the demand of diverse populations.