

Let's Talk Finances

Understanding Your Role as a Financial Caregiver



By Charles Schmalz
President of
East Wisconsin Savings Bank

According to the Caregiver Action Network, more than 90 million Americans care for a loved one living with a disability, disease or experiencing reduced financial capability as a result of aging. Financial caregivers play an important role in ensuring that all finances — from routine to complex — are managed wisely, helping their loved ones maintain the best quality of life possible. The American Bankers Association has offered tips to help financial caregivers better understand their role as they care for their loved ones.

“Financial caregivers play a major part in helping their loved ones live stable and viable lives,” said Corey Carlisle, ABA Foundation executive director. “It’s extremely important that caregivers understand their role in managing day-to-day finances and planning for future expenses to ensure that all their loved ones’ needs are met.”

ABA Foundation, through its Safe Banking for Seniors program, offers the following tips to help individuals understand their role as financial caregivers:

- **Learn the rights and restrictions that apply to your role.** Financial caregivers, such as those with a power of attorney, trustees, and federal benefits fiduciaries, are fiduciaries with a duty to act and make decisions on their loved one’s behalf. Learn the legal responsibilities of your assigned authority in order to better execute your role.
- **Manage money and other assets wisely.** Financial caregivers may be in charge of daily, unexpected and future expenses their loved one may incur. Especially if the beneficiary has a fixed income or limited finances, it is extremely important that caregivers minimize unnecessary costs and budget accordingly to ensure that all money is properly allocated.
- **Recognize danger signs.** Seniors have become major targets for financial abuse and fraud. Make sure to stay alert to signs of scams or identity theft that may put your loved one’s assets in peril.
- **Keep careful records.** When acting as a financial agent, proper documentation is not only encouraged but required. Make sure you keep well-organized financial records, including up-to date lists of assets and debts and a streamline of all financial transactions.

- **Stay informed.** Monitor changes in financial status of the beneficiary and take appropriate action, as needed. Also, be sure to stay up to date on changes in the laws affecting seniors.
- **Seek professional advice.** Consult a banker or other professional advisors when you're not sure what to do.

In addition, the Foundation is providing an explanation of the various roles and responsibilities of three types of financial caregivers.

Understanding your role as a power of attorney.

POA is designated by your loved one and gives you the authority to act and make decisions on their behalf, including managing and having access to their bank and other financial accounts. Authority continues if loved one becomes incapacitated and ends when power is revoked or your loved one dies.

Understanding your role as a trustee.

Authority is given once you are named as trustee or co-trustee of a revocable living trust. As a trustee your authority applies only to the property noted in the trust, authorizing you to protect, manage and distribute the trust's assets as directed in the trust document. Authority continues after the death of the trust creator or grantor.

Understanding your role as a federal benefits fiduciary.

A federal benefits fiduciary is appointed to accept and delegate federal government benefit payments, such as Social Security and Veterans Affairs benefits, in the beneficiary's best interest. Funds for the beneficiary are received through an account set up solely for this purpose. As a representative payee for Social Security benefits or a VA fiduciary for VA benefits, you are required to keep detailed records of all transactions related to the beneficiary and file annual reports detailing how benefits were used.

The Caregiver Action Network (the National Family Caregivers Association) began promoting national recognition of family caregivers in 1994. President Clinton signed the first NFC Month Presidential Proclamation in 1997 and every president since has followed suit by issuing an annual proclamation recognizing and honoring family caregivers each November.

For more information on the role of financial caregivers, visit www.caregiveraction.org. For tips and additional resources, visit aba.com/seniors.