



*A WISER Guide*

# **Financial Steps for Caregivers:**

## **What You Need to Know About Money and Retirement**

---

This booklet was prepared under a grant from the Administration on Aging, as part of the National Education and Resource Center on Women and Retirement Planning.

[www.wiserwomen.org](http://www.wiserwomen.org)

## One-stop Caregiving Resources

### Women's Institute for a Secure Retirement (WISER)

WISER's website has dozens of tools to help you get started with a Saving and Investing plan, including fact sheets on understanding your 401(k) plan, IRAs, mutual funds and how to work with an investment professional. They can all be found in the *Saving & Investing* section of the website: [www.wiserwomen.org](http://www.wiserwomen.org).

### Eldercare Locator

Another good place to start is the Eldercare Locator, sponsored by the federal Administration on Aging. This service helps individuals find local caregiving services and resources. Call 800-677-1116 or see [www.eldercare.gov](http://www.eldercare.gov).

### Caregiving Across the States

For information on caregiver support programs in each of the 50 states and the District of Columbia, visit the Caregiving Across the States website from **Family Caregiver Alliance**. You will find recently updated information on the average daily cost for adult day services, average hourly costs for home health care, average hourly costs for personal/home care, number of family caregivers and total caregiving hours per state, as well as the average daily cost in a nursing home, average monthly cost for assisted living, number of home health aides in the workforce, and median hourly wages for nursing assistants, home health aides and personal care aides. Go to [www.caregiver.org](http://www.caregiver.org) and click on "50 State Searchable Resource Map."

### Taking on the Challenges of Caregiving

To help caregivers find the information they need to take care of themselves and their care recipients, the **National Alliance for Caregiving** has partnered with the National Family Caregivers Association to create *Family Caregiving 101*, an online resource loaded with quality information on how to deal with the challenges of caregiving. Go to [www.familycaregiving101.org](http://www.familycaregiving101.org).

### Lotsa Helping Hands

The National Alliance for Caregiving has partnered with Lotsa Helping Hands to expand resources available to family caregivers. Visitors to the Lotsa Helping Hands website can create their own caregiving site to coordinate support needed for the caregiver and care recipients. Lotsa Helping Hands is a free caregiving service that provides a private, online, group calendar where a caregiver may post tasks that she or he needs help with. Family and friends who use the site can sign up online for a task. A generated summary report shows who has volunteered for which tasks and which tasks remain unassigned. The site is able to track each task and send reminder emails to helpers. To sign up for a free Lotsa Helping Hands account or to learn more, go to [nac.lotsahelpinghands.com](http://nac.lotsahelpinghands.com).



## Table of Contents

|               |   |    |
|---------------|---|----|
| Introduction: | What Caregivers Need to Know About Money and Retirement . . . . .             | 2  |
| Step 1:       | Create a Household Budget . . . . .   | 3  |
| Step 2:       | Leaving a Job or Working Part-Time . . . . .                                  | 5  |
| Step 3:       | Talk to Your Family About the Financial Impact of Being a Caregiver . . . . . | 8  |
| Step 4:       | Are You Saving Enough for a Secure Retirement? . . . . .                      | 9  |
| Step 5:       | Extra Help for Older Adults . . . . .   | 11 |
| Glossary:     | Financial Terms Defined . . . . .   | 14 |
| Resources:    | Government and Non-Profit Resources . . . . .                                 | 15 |

## Acknowledgements

The funding for this project was provided by a grant from the Administration on Aging, U.S. Department of Health and Human Services, as part of the National Education and Resource Center on Women and Retirement Planning. The contents of this publication are solely the responsibility of its authors. Special thanks for the writing and editing of this publication go to Cheryl Gannon, Laurel Beedon, Martha Patzer and Charlene Seligman.



# Introduction: What Caregivers Need to Know About Money and Retirement

## Purpose

Millions of women face difficult decisions every day while juggling jobs and caregiving responsibilities. This guide will help you understand the financial consequences of caregiving and plan for a more secure future.

- ☒ About 44 million adults in the U.S. provide care to a relative or friend.\*
- ☒ Women are still the primary caregivers in our society: 61 percent of caregivers are women.\*
- ☒ Half of all caregivers spend more than 8 hours each week providing care, and one in five spend more than 40 hours each week providing care.\*

## The Costs of Caregiving

Caregiving can have serious financial consequences.

- ☒ Sixty-two percent of caregivers report making adjustments to work as a result of caregiving. Many caregivers reduce their hours at work or forfeit promotions and benefits.\*
- ☒ Reduced wages and benefits result in missed opportunities for compounded returns on 401(k) matching contributions and less in savings and investments.
- ☒ Caregivers' household income is about \$5,000 a year less than non-caregiving household income.\*
- ☒ Financial strains may result in an inability to finance home maintenance or improvements that could affect the resale value of a home.

A 1999 study showed that caregivers lost over \$659,000 in lifetime earnings and benefits as a result of caregiving responsibilities.\*\*

*...on average,  
caregivers lose  
\$659,000 over a  
lifetime ...\*\**

Follow this booklet's step by step strategy to take control of your financial future.

\* National Alliance for Caregiving and AARP: *Caregiving in the U.S.*

\*\* National Center on Women and Aging/MetLife: *MetLife Juggling Act Study*



## Step 1: Create a Household Budget

If you are a caregiver, having a household budget is essential. A budget will keep you on track and protect you from financial crisis.

Caregivers often find themselves paying expenses for the person they care for without adding it all up or considering the long-term consequences. Small expenses add up quickly and could prevent you from saving enough for your own retirement.

If you are considering reducing your hours at work or quitting a job, a budget will help you decide how to adjust your lifestyle and expenses so that you do not have a financial crisis.



**The first step** toward creating your household budget is to **keep track of your spending**.

- ☒ Buy a small notebook and take it with you everywhere that you go for one month. Write down everything that you spend money on.
- ☒ After a few weeks, start putting your expenses into categories, like food, transportation and clothing. Look at how you spend your money. You may be surprised, for example, that you spend so much on food when you are not eating at home. Make a list of bills you have to pay on a regular basis like car insurance, rent or mortgage payments, dental checkups and gifts.

**Next**, compare your expenses to your monthly income to establish a monthly budget to live by.

- ☒ Add up your total income—all of the money you receive in salary, other payments and benefits and any earnings on investments each year. Divide your annual income by 12 to calculate your monthly income.
- ☒ Subtract all of your regular monthly bills and the other expenses that you found by keeping track of your spending in your notebook. This will tell you what money you have left over for emergencies, so those situations won't completely throw off your budget.
- ☒ If your income is not covering your expenses, you need to find ways to cut back and reduce your debt. Listing all of your expenses will help you think of ways to economize.
- ☒ If you find yourself picking up expenses for the person you care for, be sure to keep track of these expenses and put them in your monthly budget. You may want to consider other options such as asking other family members to help with expenses. If you are able to reduce your personal outlays, consider putting the savings in a retirement account.

*Be sure to save for your own retirement.  
Make a plan to start investing,  
even a small amount, so that your  
money can start to grow.*

Use the worksheet on page 4 to lay out a realistic household budget. If you provide care to an adult, use this form to help them create a monthly budget as well.

# Budget Worksheet

| <b>Fixed Expenses</b>        | <b>Planned</b>          | <b>Actual</b> |
|------------------------------|-------------------------|---------------|
| Rent or Mortgage Payment     |                         |               |
| Child Care                   |                         |               |
| Elder Care                   |                         |               |
| Debt Repayment               |                         |               |
| Allowance for Self           |                         |               |
| Allowance for Others         |                         |               |
| Car Payment                  |                         |               |
| Other                        |                         |               |
| Savings for Retirement       |                         |               |
|                              | Total Fixed Expenses    |               |
|                              |                         |               |
| <b>Flexible Expenses</b>     | <b>Planned</b>          | <b>Actual</b> |
| Food at Home                 |                         |               |
| Personal Care                |                         |               |
| Telephone                    |                         |               |
| Clothing                     |                         |               |
| Medicine                     |                         |               |
| Gasoline/Bus                 |                         |               |
| Laundry/Dry Cleaning         |                         |               |
| Household Supplies/Home Care |                         |               |
| Food Away from Home          |                         |               |
| Other                        |                         |               |
|                              | Total Flexible Expenses |               |
|                              | + Total Fixed Expenses  |               |
|                              | = Total Expenses        |               |



## Step 2: Leaving a Job or Working Part-Time

If you are thinking about leaving your job or reducing your hours to part-time, you should check into what will happen to your benefits as a result. Key decisions you make now can have a tremendous impact on your financial future.

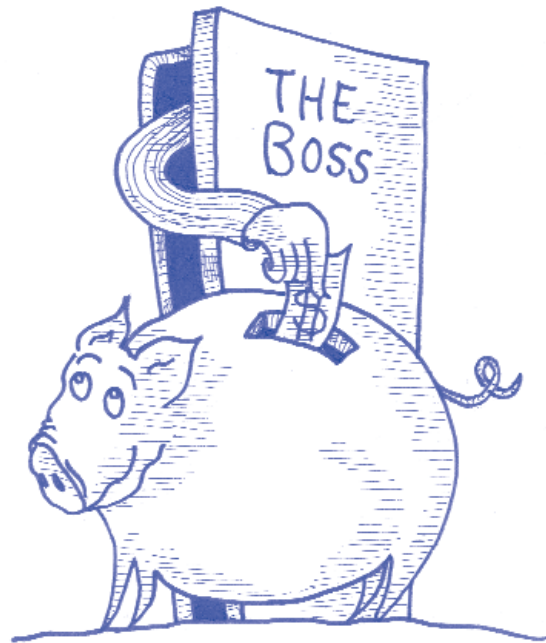
Be sure to exhaust your other options before leaving a job or reducing your hours. A good place to start is the Eldercare Locator, sponsored by the federal Administration on Aging. This service helps individuals find local caregiving services and resources. (Call 800-677-1116 or see [www.eldercare.gov](http://www.eldercare.gov)). You might find the resources you need to help you stay at your job while also caring for a family member.

It is important to understand and plan for the financial and retirement costs of changes to your employment. Staying home will cost you not only your salary, but possibly important benefits like retirement contributions and health insurance. For some, there may be a loss of tenure and its benefits, such as promotional opportunities, job security or more vacation days. If you are leaving behind a pension plan, you will lose years of service toward vesting or increased benefits and/or account contributions that build up while you work.

Before you quit a job or reduce your hours, carefully consider these issues:

- ☒ If you are in a traditional pension plan, you usually become vested in five years. Generally, the longer you stay at your job, the more valuable the benefit will be. *Where are you in the vesting and benefit schedule?* Try to stay at your job until you are vested. If you are near the point where your benefit will be increased, try to stay long enough to reach that milestone as well. If you are reducing your hours, find out the minimum number of hours you need to work to continue getting retirement benefits, and try to work that much.
- ☒ If you are in a defined contribution plan, such as a 401(k) plan, there is a similar vesting requirement, usually three to six years. If you leave before you are fully vested, you will forfeit the money your employer contributes for you.

*Barbara B. knew she was going to leave her job, but she was determined to stay just long enough (to the exact hour) to meet the five-year vesting requirement for the company's traditional, defined benefit pension plan. It was too much money to walk away from, if she could manage to stay long enough. And, because she talked about it, the whole office became aware of the five-year vesting requirement.*



- ☒ Think about where you will get health insurance and how much it will cost. If you are thinking about buying individual coverage, be sure you can get and afford that coverage. Many people over age 50 or with chronic health conditions cannot get affordable coverage on their own in the private market.
- ☒ You can elect to continue coverage under your previous employer’s policy for a limited period of time under a federal law referred to as COBRA, but you will have to pay the full premium. You have 60 days to decide if you want to continue this coverage and pay the full premium.
- ☒ If you don’t have health insurance, check with your State’s Department of Insurance for a list of companies that are licensed to sell insurance in your area. A catastrophic plan that covers only large expenses is better than no coverage at all. Buy carefully, after reading the terms of coverage in full, and only from reputable companies.
- ☒ If you can’t afford to buy health insurance, check with your state to see if there is a plan for people with no insurance and limited assets, if you are eligible for Medicaid, or if your children can be covered by the State Children’s Health Insurance program.
- ☒ Don’t forget disability insurance. Most people underestimate their risk of disability. Workers at the age of 30 have a one in three chance of being disabled for three months or longer, and a woman at age 45 is three times more likely to be disabled than to die prematurely. Disability insurance is important protection for women.

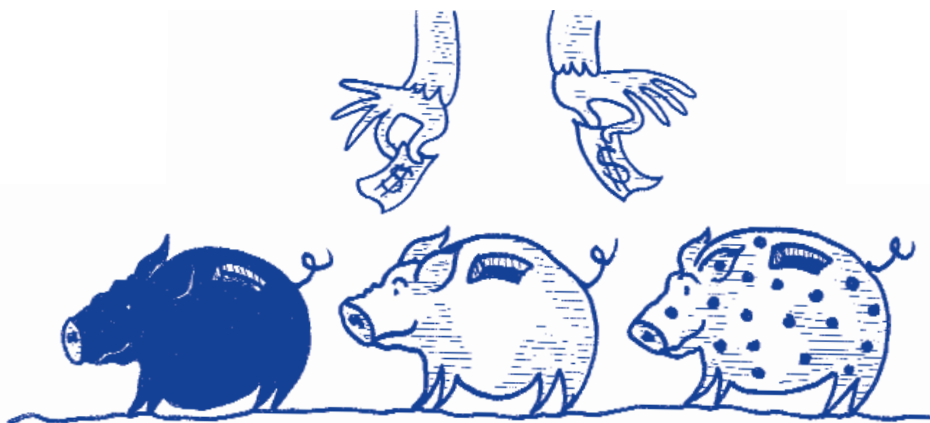
*Most people underestimate their risk of disability. Workers at the age of 30 have a one in three chance of being disabled for three months or longer, and a woman at age 45 is three times more likely to be disabled than to die prematurely.*

Disability insurance is important protection for women.

Research the terms and products carefully and buy from a reputable company. Both the Actuarial Foundation and the Consumer

Federation of America offer information on purchasing disability coverage. See their websites at: [www.actuarialfoundation.org](http://www.actuarialfoundation.org) and [www.consumerfed.org](http://www.consumerfed.org).

- ☒ In a defined contribution plan, such as a 401(k) plan, when you change jobs, you will have some choices. You may be able to leave your retirement savings in the same account or roll



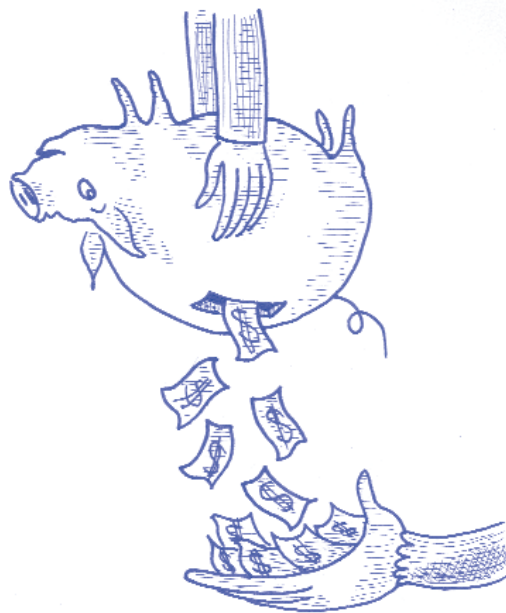
it over into an Individual Retirement Account (IRA). Resist the urge to take the money out and spend it. Invest it so that it continues to grow until you retire. Also you'll avoid the IRS penalty for taking it out early.

Before you make any major job changes:

- ☒ Sit down and budget your expenses. See the Budget Worksheet on page 4. Include a contribution to an IRA for yourself as one of the expenses. If possible, pay off credit card and other debts before you quit. You will be on sounder financial footing and the interest you are paying now can be saved for retirement instead.
- ☒ Do some worst-case planning and consider what might happen if you become disabled or die. Find out what health, disability and life insurance coverage you have, and what it would cost if you decided to buy additional coverage.
- ☒ Plan in advance to continue saving for retirement while you are not working. Look into contributing to an IRA. Beginning in 2008, you will be allowed to contribute up to \$5,000 a year to an IRA, and the limit will be adjusted for inflation in future years. You can also contribute an extra \$1,000 if you are 50 or older. If you are married, consider putting money into a Spousal IRA. Either way, you are protecting your future.
- ☒ If you start your own business you could also start a small business pension plan, like a SEP, a Simplified Employee Pension. A SEP is easy to set up and has higher contribution limits than IRAs. A qualified financial advisor, like your banker, can help you decide whether, and how, to start a SEP. For more information, see: [www.wiserwomen.org](http://www.wiserwomen.org) and click on the *Retirement Plans* tab on the left side of the home page.
- ☒ **Don't** spend your 401(k) or IRA money. The loss of the compound interest will be devastating to your future retirement income.

#### ***Finding Help:***

*The federal Administration on Aging (AoA) provides extensive information and support to caregivers. Visit AoA's Family Caregiver Support Program Resource Room at <http://aoa.gov/prof/aoaprof/caregiver/caregiver.asp>*





## Step 3: Talk to Your Family About the Financial Impact of Being a Caregiver



### Family Financial Planning

- ☒ Talk to your siblings and other family members about the various costs involved in your providing care to a family member.
- ☒ Consider asking your family to pay you as an independent contractor for the care you are providing. If you are paid, you can set up a small-employer type pension plan, such as a Simplified Employee Pension (SEP).
- ☒ If you don't have a workplace retirement plan or a SEP, open an Individual Retirement Account (IRA). See information on different types of retirement plans at [www.wiserwomen.org](http://www.wiserwomen.org) on the *Retirement Plans* page.
- ☒ Think about who will care for you when you need care later in life. Look into buying a Long-Term Care insurance policy for yourself. See WISER's information on Long-Term Care at [www.wiserwomen.org](http://www.wiserwomen.org) on the *Health Care* page.
- ☒ Take steps to alleviate the financial burdens on yourself by accessing resources to assist the person you care for. See the information in Step 4 of this book.

### Publications for Caregivers

Resources and publications for caregivers can be found on the following websites:

*The National Alliance for Caregiving* at <http://www.caregiving.org/pubs/brochures.htm>

*MetLife Mature Market Institute* at [www.maturemarketinstitute.com](http://www.maturemarketinstitute.com)

*National Association of Area Agencies on Aging* at [www.n4a.org](http://www.n4a.org)

*National Family Caregivers Association* at <http://www.nfcacares.org/>

The *Eldercare Locator*, sponsored by the federal Administration on Aging, puts individuals in touch with local caregiving services and resources. Call 800-677-1116 or visit the website at [www.eldercare.gov](http://www.eldercare.gov).



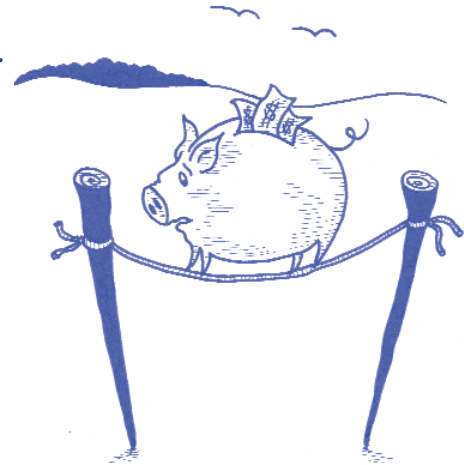
## Step 4: Are You Saving Enough for a Secure Retirement?

Like many people, you may be wondering how much money you will need to retire and if you are saving enough to meet your goals. If you are struggling to find extra money to put in a retirement account, often the best first step is to pay off all of your credit card and loan debts. Once you pay off the debt, put the extra money you had been spending into a retirement account. Next, take the time to calculate your income needs in retirement and create a financial plan for your retirement. Use the worksheet *Get Your Ducks in a Row* on page 10.

**First, you need to know how much you can expect from Social Security, pension, annuities or other retirement plans.**

Make a list of all of your sources of retirement income, and estimate what the monthly benefit will be. Include Social Security, pensions from private or government employment, IRA and 401(k) retirement savings.

The Social Security Administration sends every adult an annual statement with their projected Social Security benefits. Contact the plan administrator of any pension plan you have participated in to get an estimate of how much your benefit will be. Look at your total IRA and 401(k) savings and enter all this information on the worksheet *Get Your Ducks in a Row*.



**Next, calculate your net worth.** Estimate the total value of your assets, including cash, home equity, automobiles, other personal property, the value of insurance policies and so on. Then, subtract the total of your liabilities, including mortgages, credit card and loan balances, home equity loans and other debts, from your total assets. The result is your net worth. Remember, not all of your assets will be available for retirement income unless you sell them or use your home equity as a source of retirement funds.

Calculate how much you will need in retirement. Many experts recommend planning for at least 85 percent of pre-tax income in order to maintain your current living standard. WISER recommends 100 percent for women to cover their longer life spans, inflation and health care expenses.

Finally, calculate the gap between income from Social Security, retirement plans and assets, and your retirement income goal. The gap represents the amount you will need to save between now and retirement. How much you need to save each year to fill the gap is a complicated calculation. WISER's online calculator (at [www.wiserwomen.org](http://www.wiserwomen.org)) can help you decide how much you need to save.

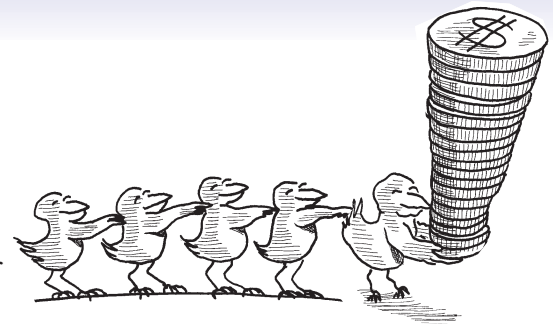
If you are working, be sure to participate fully in your workplace retirement plans. If your employer will match your contributions to your 401(k), don't pass it up. That's free money.

**Learn to live beneath your means. That's how people build wealth.**

# Get Your Ducks in a Row

## Add Up Your Sources of Retirement Income

This table will help you identify all your sources of retirement income. It also will help you estimate what benefits will be available for as long as you live, for your spouse as a widow or widower, and whether it will keep up with inflation.



| Source of income  | Monthly  | Can you count on getting the income amount for life?  | Will the income keep up with inflation?   | Can some or all of the income continue to your surviving spouse?         |
|---|--|---|---|--|
| <b>A. Social Security</b>   | \$ _____   | Yes   | Yes   | Yes, offset by other Social Security benefits payable to the survivor.   |
| <b>B. Employer Pension -</b><br>If paid as monthly income   | \$ _____   | Yes   | Private plans usually do not. Public employee plans often will. What is your plan's track record? | Yes, if you use a joint and survivor form.                               |
| <b>C. Employer savings plan account (401k) -</b><br>If paid as guaranteed monthly income                                | \$ _____*<br>* Enter the estimated annuity income these funds could buy. | Yes   | Not usually. Amount is fixed unless you use a variable or indexed annuity.                        | Yes, if you use a joint and survivor form.                               |
| <b>D. Employer pension or savings plan account -</b><br>If paid in a lump sum that's rolled over to an IRA and invested | \$ _____*<br>* Enter the estimated annuity income these funds could buy. | Some risk of running out of money, depending on how well you manage investments and spending. | Depends on performance of your investments and the economy while you're retired.                  | Depends on how you manage investments and spending during your lifetime. |
| <b>E. Part-time work</b>  | \$ _____   | No. In later years you're unlikely to find a suitable job that you can perform.               | Probably, as long as you keep working.  | No   |
| <b>Total from all sources</b>   | <b>Amount</b>  | <b>How to Calculate Total Amount</b>  |   |  |
| Initial income  | \$ _____   | Add A, B, C, D, and E   |   |  |
| Income you can count on for life  | \$ _____   | Add A, B, and C   |   |  |
| Income that can keep up with inflation  | \$ _____   | Add A and E, maybe B, C, D  |   |  |



## Step 5: Extra Help for Older Adults

If you are a caregiver for an older adult who cannot make ends meet, here are some additional tips:

### Health Care Expenses

One major expense area for older adults is health care, particularly prescription drug costs.

- ☒ Medicare recipients can purchase optional drug coverage under Medicare Part D. These private plans offer varying levels of drug coverage for an additional premium. Investigate whether any of these plans will provide relief. Medicare also provides prescription drug “extra help” to eligible seniors with very low or low incomes. Consult the Centers for Medicare and Medicaid Services website at [www.medicare.gov](http://www.medicare.gov) or call 1-800-MEDICARE.
- ☒ The National Council on Aging sponsors an interactive website to help older individuals determine what kinds of benefits they might be eligible for, plus where and how to apply. See *Benefits for Seniors on the Web* page of the National Council on Aging ([www.ncoa.org](http://www.ncoa.org)) to find sources of help for an older person.
- ☒ Private insurers offer “medigap” plans for medical costs not covered by Medicare. Investigate whether a Medigap insurance plan makes sense for your family member. For a list of Medigap policies sold in your state, call the state's insurance commission. Most states also offer counseling for older persons through programs called Senior Health Insurance Counseling Programs or “SHIP” programs. You can find a list of SHIP programs at <http://www.medicare.gov/contacts/static/allStateContacts.asp> or by calling 1-800-MEDICARE and asking for a referral.
- ☒ Seniors with very low incomes might be eligible for Medicaid coverage along with Medicare. Although benefits vary by state, “dually eligible” individuals often receive drug coverage through Medicaid. Some eligible recipients can also have their Medicare premiums, deductibles and co-payments paid by Medicaid. Every year millions of eligible low-income seniors do not sign up for these benefits provided through state

#### Extra Help for Caregivers

*These publications and websites are invaluable resources for anyone who must make health care decisions for people on Medicare.*

[www.Medicare.gov](http://www.Medicare.gov)

*The official U.S. government website for people with Medicare. For additional assistance, call 1-800-MEDICARE (1-800-633-4227).*

*Benefits CheckUp – Lower-income individuals on Medicare can use this free service to find out how to lower prescription drug costs.*  
[www.benefitscheckup.org/](http://www.benefitscheckup.org/)

*7 Tips To Help You To Help Your Parent With Medicare Part D Prescription Drug Coverage (Adobe PDF) [http://www.caregiving.org/data/ECI%20HC%207Tips\\_r1b.pdf](http://www.caregiving.org/data/ECI%20HC%207Tips_r1b.pdf)*

*Medicare Basics: A Guide for Families and Friends of People with Medicare (Adobe PDF) <http://www.medicare.gov/Publications/Pubs/pdf/11034.pdf>*

Medicaid agencies. Call your state agency responsible for administering Medicaid and ask about the eligibility rules.

- ☒ Your family member might consider investigating whether there is a good quality HMO or managed care plan in their area that accepts Medicare patients. Frequently these plans include benefits that seniors in the traditional Medicare plan pay out of pocket for, such as eyeglasses, dental benefits or drug costs.
- ☒ Some pharmaceutical companies offer free drugs to low-income seniors with no means to purchase the drugs. Check the website [www.needymeds.com](http://www.needymeds.com) for a complete description of the available programs.

## Reverse Mortgages

If the family member you are caring for owns a home, they may want to consider a reverse mortgage. A reverse mortgage is a way for homeowners age 62 and over to borrow against the



equity in their homes. It is a mortgage that pays the homeowner a loan as a line of credit, a lump sum, or a series of monthly payments. ***It is important to know that the homeowner does not need to repay a reverse mortgage as long as he/she lives in the home.*** The loan is repaid when the owner sells the home or dies. The estate can repay the reverse mortgage with proceeds from the sale of the home or from another source of funds.

Seniors with substantial home equity often find that a reverse mortgage allows them to stay in their own homes, tapping the equity for living expenses.

Reverse mortgages are not for everyone. If an individual does not want to stay in his or her home long-term, it may not make sense. Equity withdrawn and spent on current living expenses will not be available to purchase a place in an assisted living facility, for example. If possible, a senior should consult a financial advisor before tapping into home equity.

Not all lenders and brokers are reputable. Seniors considering a reverse mortgage should look for a reputable lender and be sure to understand the terms of the loan.

For more information, see WISER's fact sheet: *Reverse Mortgages: Would One Be Right for You?* at [www.wiserwomen.org](http://www.wiserwomen.org) on the *Retirement Plans* page and AARP's publication *Homemade Money: A Consumer's Guide to Reverse Mortgages* at [www.aarp.org](http://www.aarp.org).

## Immediate Annuities

Many older people worry about whether they will outlive their savings and not have enough money at the end of their lives. Family caregivers often worry about this too—and whether they will be able to supplement the income of a family member who exhausts his or her savings. There’s no magic answer, but for many people, looking into purchasing an immediate annuity makes sense.

An annuity can be purchased from an insurance company for a lump sum and can guarantee a regular monthly payment for the rest of the purchaser’s life—no matter how long they live. (The downside is that funds used to buy an annuity are generally not available to pass on to heirs.)



### Immediate Annuities may be right for you if:

- ☒ **You have retirement expenses not covered by monthly pension and Social Security benefits.**

An annuity can guarantee a regular monthly payment for the rest of your life, and it transfers the job of managing your assets to the insurance company. You won’t have to worry about how much money you can withdraw each year from your savings.

*However, if you have a large income to pay all your expenses, you may not need an annuity.*

- ☒ **You have every expectation of living a long life.**

Most of us don’t know and can only make our plans based on reasonable expectations. An immediate annuity can be a good choice for individuals who are in good health.

*However, if you know (not think) that you won’t live for many years, you may want to manage the lump sum yourself.*

Consult a financial adviser about the risks and benefits of an annuity before buying one. For more information see *Making Your Money Last for a Lifetime: Why You Need to Know About Annuities* on WISER’s website ([www.wiserwomen.org](http://www.wiserwomen.org)) on the *Saving and Investing* page.

## Annuity rates and planning information

These websites are operated by organizations who sell annuities, and have information on rates that insurers have charged for immediate annuities, dollar limits of state guaranty funds, and IRS rules:

- ☒ [Annuity.com](http://Annuity.com)
- ☒ [ImmediateAnnuity.com](http://ImmediateAnnuity.com)



## Glossary of Financial Terms

**annuity** – (1) A series of periodic payments. (2) A contract under which an insurance company promises to make a series of regular payments to a named individual for life.

**beneficiary** – A person, institution, trustee, or estate named to receive death benefits from insurance or annuity contracts, or anyone receiving Social Security benefits.

**defined benefit pension plan** – A traditional pension plan, usually insured by the government, that pays a certain benefit usually based on your age at retirement, rate of pay and the number of years you worked. The employer's pension administrator controls investments and bears the risk of investment.

**defined contribution pension plan** – A retirement plan in which contributions are made by the employee, the employer, or both. The final payout will depend on how much is invested and the success of the investments. The employee bears the risk. This type of retirement plan is not insured by the government.

**disability insurance** – Insurance that replaces income for individuals unable to work due to accident or illness.

**immediate annuity** – An annuity which you can buy at or after retirement. The payments begin right away and are guaranteed to continue for as long as you live.

**individual retirement account (IRA)** – A retirement savings vehicle for individual workers. Traditional IRAs allow tax-deductible contributions, with earnings tax-deferred until withdrawal, subject to minimum distribution rules; contributions to Roth IRAs are made with after-tax funds, and withdrawals are tax-free.

**lump-sum distribution** – A single-sum payment from a pension or employee benefit plan to a participant retiring or leaving employment.

**reverse mortgage** – A contract with a financial institution that allows a homeowner to get retirement income from the equity in the home, with no repayment needed for as long as the individual lives in the home.

**rollover IRA** – A type of individual retirement account usually funded with money transferred from a former employee's company-sponsored retirement plan account. Investment earnings continue to grow tax-deferred until benefits are distributed.

**Social Security** – A federal government program that provides retirement, survivor's, and disability income benefits for eligible workers and their families.

**survivor's benefit** – Income payable to a beneficiary, often the widow or widower, from a defined benefit pension plan, Social Security, annuity or insurance policy when the employee or policyholder dies.

**tax deferral** – The postponement of taxes on the earnings or growth related to certain investments until the earnings are withdrawn from the investment or account.

**vesting** – The right of an employee, earned over a specified period of time, to receive some retirement benefit, regardless of whether he or she remains with the employer.



## Resources

### Government Resources

**Eldercare Locator  
Administration on Aging**  
800-677-1116  
[www.eldercare.gov](http://www.eldercare.gov)

### Centers for Medicare and Medicaid Services

800-Medicare  
[www.medicare.gov](http://www.medicare.gov)  
**Medicare Prescription Drug Plan Finder**  
[www.medicare.gov/MPDPF](http://www.medicare.gov/MPDPF)

### U.S. Department of Labor Employee Benefits Security Administration

200 Constitution Avenue, NW  
Washington, DC 20210  
866-444-EBSA  
[www.dol.gov/ebsa](http://www.dol.gov/ebsa)

### Securities and Exchange Commission Office of Investor Education and Assistance

100 F Street, NE  
Washington, DC 20549  
202-942-8088  
[www.sec.gov/investor](http://www.sec.gov/investor)

### Social Security Administration

Office of Public Inquiries  
Windsor Park Building  
6401 Security Blvd.  
Baltimore, MD 21235  
800-772-1213  
[www.ssa.gov](http://www.ssa.gov)

### Non-profit Resources

**AARP**  
601 E Street, NW  
Washington, DC 20049  
888-687-2277  
[www.aarp.org](http://www.aarp.org)

**The Actuarial Foundation**  
475 North Martingale Road  
Suite 600  
Schaumburg, IL 60173  
847-706-3535  
[www.actuarialfoundation.org](http://www.actuarialfoundation.org)

### American Bar Association Consumer's Guide to Legal Help

321 North Clark Street  
Chicago, IL 60610  
800-285-2221  
[www.findlegalhelp.org](http://www.findlegalhelp.org)

### Family Caregiver Alliance

180 Montgomery Street  
Suite 1100  
San Francisco, CA 94104  
415-434-3388  
800-445-8106  
[www.caregiver.org](http://www.caregiver.org)  
[info@caregiver.org](mailto:info@caregiver.org)

### Health Policy Institute Georgetown University

Box 571444  
3300 Whitehaven Street, NW  
Suite 5000  
Washington, DC 20057  
202-687-0880  
[hpi.georgetown.edu](http://hpi.georgetown.edu)

### National Alliance for Caregiving

4720 Montgomery Lane  
5th Floor  
Bethesda, MD 20814  
[www.caregiving.org](http://www.caregiving.org)  
[info@caregiving.org](mailto:info@caregiving.org)

### National Association for Area Agencies on Aging

1730 Rhode Island Avenue, NW  
Suite 1200  
Washington, DC 20036  
202-872-0888  
[www.n4a.org](http://www.n4a.org)

### National Council on Aging

1901 L Street, NW, 4th Floor  
Washington, DC 20036  
202-479-1200  
[www.ncoa.org](http://www.ncoa.org)

### National Foundation for Credit Counseling

801 Roeder Road, Suite 900  
Silver Spring, MD 20910  
800-388-2227  
[www.nfcc.org](http://www.nfcc.org)

### The Profit Sharing/401(k) Council of America

20 N. Wacker Drive, Suite 3700  
Chicago, IL 60606  
312-419-1863  
[www.401k.org](http://www.401k.org)

### Women's Institute for a Secure Retirement (WISER)

1146 19th Street, Suite 700  
Washington, DC 20036  
202-393-5452  
[www.wiserwomen.org](http://www.wiserwomen.org)  
[info@wiserwomen.org](mailto:info@wiserwomen.org)

### Pension Counseling Projects

The Administration on Aging pension information and counseling projects provide free counseling and assistance to older individuals. See the list on the next page for a site near you.

### **Pension Rights Center**

1350 Connecticut Ave., NW  
Suite 206  
Washington, DC 20036  
202-296-3776  
www.pensionrights.org

### **Pension Help Centers**

#### **Arizona**

**PCOA Pima Council on Aging**  
520-790-7262  
www.pcoa.org  
help@pcoa.org

#### **California**

**CA Pension Rights Project  
Senior Legal Hotline**  
916-551-2140  
800-222-1753 (in CA only)  
www.seniorlegalhotline.org

#### **Illinois**

**The Legal Assistance  
Foundation of Metropolitan  
Chicago**  
312-341-1070  
www.lafchicago.org

#### **Iowa**

**IA Pension Rights Project  
Iowa Legal Aide**  
(515) 243-2151  
or 800-992-8161  
www.iowalegalaid.org

#### **Kentucky**

**Legal Helpline for Older  
Kentuckians**  
800-200-3633

#### **Michigan**

**MI Pension Rights Project  
Elder Law of Michigan**  
Serving MI, KY, OH and  
parts of PA  
866-735-7737  
www.mprponline.org  
pensionrights@elderslaw.org

### **The Midwest Pension Rights Project**

Chicago Area: 312-744-3580  
St. Louis Area: 314-725-1516  
Hotline: 877-725-1516  
www.midwestpension.org

#### **Minnesota**

**MN Pension Rights Project  
Minnesota Senior Federation**  
651-645-0261 or  
800-365-8765  
www.mnseniors.org  
pensions@mnseniors.org

#### **Missouri & Southern Illinois OWL Pension Benefits Project**

Serving MO, AR, KS, MS  
and southern IL  
314-725-1516 or  
877-725-1516  
www.midwestpension.org

#### **New England**

**Pension Assistance Project**  
Serving CT, ME, MA, NH, RI  
and VT  
617-287-7307  
888-425-6067  
www.pensionaction.org  
npln@umb.edu

#### **New York**

**New York Pension Rights  
Office**  
Serving NY and NJ  
800-355-7714

#### **Ohio/Kentucky**

**OH/KY Pension Rights Project  
ProSeniors**  
Serving OH, KY and parts of PA  
513-345-4160 or toll-free at  
800-488-6070  
www.proseniors.org

### **Pennsylvania**

**PA Senior Law Help Line**  
877-727-7529  
www.seniorlawcenter.org/  
projects/helpline.shtml  
helpline@seniorlawcenter.org

#### **Wisconsin**

**Upper Midwest Pension  
Rights Project**  
651-645-0261 ext 110  
877-645-0261 ext 110  
info@mnseniors.org  
www.cwag.org/legal/  
pension-rights

### **Support for America's Caregivers**

#### **Rosalynn Carter Institute for Caregiving**

Georgia Southwestern State  
University  
Phone: 229-928-1234  
[www.rosalynncarter.org](http://www.rosalynncarter.org)  
Access RCI's Evidence-Based  
Caregiver Intervention  
Resource Center from the  
homepage.

#### **Family Caregiver Alliance**

Phone: 800-445-8106  
[www.caregiver.org](http://www.caregiver.org)  
info@caregiver.org  
To access FCA's *Handbook  
for Long-Distance Caregivers*,  
go to "Fact Sheets &  
Publications" at  
[www.caregiver.org](http://www.caregiver.org).

#### **National Alliance for Caregiving**

[www.caregiving.org](http://www.caregiving.org)  
info@caregiving.org  
To access NAC's *Resources  
for Caregivers*, click on  
"Resources" and then "For  
Caregivers" from its  
homepage.

# Subscribe to WISER's Quarterly Newsletter: *WISERWoman*

Every issue of *WISERWoman* is filled with important information and resources for women (and men!) of all ages.

Order a subscription for yourself and consider giving *WISERWoman* as a gift!

To order, use the form below, or order online:  
[www.wiserwomen.org](http://www.wiserwomen.org)

\$15 for a one-year subscription.



Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Enclosed is my check payable to **WISER** in the amount of: \$ \_\_\_\_\_

Please send payment to: **WISER Women's Institute for a Secure Retirement**

1146 19th Street, NW • Suite 700  
Washington, DC 20036

202-393-5452 • fax: 202-393-5890

[www.wiserwomen.org](http://www.wiserwomen.org)  
[info@wiserwomen.org](mailto:info@wiserwomen.org)





*WISER's mission is to improve the long-term financial security of all women through education and advocacy.*

*WISER supports women's opportunities to secure pensions and adequate retirement income through research, workshops and partnerships.*

1146 19th Street, NW Suite 700  
Washington, DC 20036  
202-393-5452 • fax: 202-393-5890  
[www.wiserwomen.org](http://www.wiserwomen.org) • [info@wiserwomen.org](mailto:info@wiserwomen.org)