

Caregiving and Retirement Security

Facts about Caregiving

- In an estimated 43.5 million households across the country, an adult is providing unpaid care to a family member. Sixty percent of those caregivers are women, according to the 2015 “Caregiving in the U.S.” study by the National Alliance for Caregiving and AARP.
- Caregiving has serious financial consequences and it is important for women to understand the consequences and take steps to protect their retirement security.
- Caregivers often will decide to work part-time, quit their jobs, decline a promotion requiring longer hours or pass up a training opportunity requiring travel. According to the same National Alliance for Caregiving study, caregivers spend, on average 24.4 hours each week providing care, leaving them with less time for paid work.
- Female caregivers forfeit pay and benefits, pensions, miss out on opportunities for compounded returns on 401(k) matching contributions, and experience reduced savings and investments. They may experience an inability to pay for home improvements that could increase the resale value of a residence.
- Six in 10 caregivers report having to make a workplace accommodation as a result of caregiving, such as cutting back on their working hours, taking a leave of absence, receiving a warning about performance or attendance, or other such impacts (Caregiving in the U.S. 2015). These negative consequences are compounded by reduced Social Security benefits available during retirement.

Steps for Family Caregivers

- First, create a household budget and make realistic plans for how you will deal with reduced pay and benefits if you decide to stop working or reduce your hours. Focus on reducing your expenses and eliminating your debt. If you are a caregiver to another adult, you might find yourself paying small expenses out of pocket, without realizing how quickly these expenses add up. Establish a budget for the person you provide care for as well.
- Plan carefully before leaving a job or working part-time. Exhaust all other options first. Consult the Eldercare Locator, sponsored by the Administration on Aging, which puts individuals in touch with local services and resources. (Call 1-800-677-1116 or visit www.eldercare.acl.gov) Leaving your job will mean losing compensation and benefits, and maybe skills and contacts. If at all possible, try to stay at your job until you are vested in your company retirement plan. If you are cutting back on benefits, work enough hours to get reduced benefits, if possible.
- Don't cash out any money you have in any retirement savings accounts! The loss of compounding interest will be devastating to your retirement income. Budget for a regular contribution to an IRA or other long-term savings account. If you are not able to save much while providing care, it is even more important to leave that money you *have* saved for your retirement.