

# Carers and the management of financial assets in later life

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Helping older people manage their financial assets is a common experience for relatives and friends. Policy and practice have concentrated on protecting vulnerable adults and developing formal arrangements for people who are unable to make their own decisions. Recognition of the role of relatives and friends in managing older people's assets is limited. This exploratory review draws attention to the growing importance and complexity of asset management, and the information needs of older people and their carers. Key findings include:

- There is no systematic evidence on the prevalence, patterns or outcomes of carers' roles in helping older people manage money and assets.
- Provision of help with financial matters by relatives and friends usually develops gradually, or is triggered by change of circumstances such as illness or bereavement.
- Most relatives, neighbours and friends put the older person's well-being first, although tensions and disagreements over money matters do arise.
- There are needs for more accessible information for older people about: sources of help with financial management; appropriate savings products; and managing problem debts and avoiding indebtedness.
- Managing older people's financial affairs can make considerable demands on carers, and may involve complex legal and administrative arrangements. Power of Attorney seems to be not well understood, and may be used inappropriately.
- The extent of deliberate financial abuse is unclear; doubtful practices may reflect carers' ignorance or misunderstanding of the complexities of managing someone else's finances.
- A comprehensive guide on day-to-day practicalities of managing older people's assets is required to increase financial capabilities and promote good practice.

## Background

Growing numbers of older people need help managing their finances. Longer life expectancy is leading to increases in physical and cognitive impairments that can affect individuals' capacity to manage their own affairs. Difficulties range from mobility problems that make it hard to get to a bank or post office, to severe dementia requiring another person to take responsibility for all financial matters. As close relatives and friends are the main source of support, they are most likely to help older people with financial management.

At the same time, older people's financial resources are increasingly complex. Growing proportions of post-retirement incomes are derived from occupational pensions and private investments, or claimed through benefits and tax credits. Most people now entering older age also have substantial housing wealth.

Difficult decisions may be required concerning investments and savings in later life: converting capital to income; property maintenance and insurance; and equity release through reverse mortgage or downsizing accommodation. These decisions take place in the context of diverse legal and institutional arrangements governing taxation, social security, pensions, and social care charges. They are also shaped by attitudes and expectations about inheritance and use of financial resources in older age.

Marital disruption and repartnering further complicate economic transfers within families and the management of older people's assets. Policies emphasising individual responsibility for welfare and financial security in later life underline the importance of prudent financial management in maintaining older people's choices, well-being and independence.

### This study aimed to:

- Explore professional stakeholders' views about problems and issues regarding carers' roles in managing older people's finances.
- Review research on carers' involvement in managing older people's financial assets.
- Identify sources of advice and information about managing someone else's affairs.
- Evaluate the potential of existing data sets for investigating carers' involvement in managing older people's assets.

## Findings

### Stakeholder interviews

Interviews were conducted with professionals whose roles include providing advice to older people and carers about money management. They believed that the provision of help with financial matters by close relatives and friends is widespread and extends across all income groups. Triggers include gradual deterioration in the older person's capabilities; sudden onset of new health problems; or change of circumstances such as the death of a partner who had been responsible for managing a couple's financial affairs.

Situations in which relatives and friends help older people manage their finances were often thought to evolve as part of the usual ways in which families and friends provide support. Arrangements develop from shared expectations and assumptions about individuals' roles and responsibilities, with little discussion of options among family members. Tensions between older people and carers over money matters do arise but these are usually resolved and compromises made to preserve ongoing relationships.

Participants felt that most relatives, friends and neighbours put the older person's well-being first. Where misuse of assets occurs, this was thought to involve small rather than large sums and reflect differing views about what is considered appropriate behaviour. There are instances of serious abuse, but more common are situations in which suspicion develops among relatives about how a main carer is managing the older person's finances. Disagreements can damage relationships, especially after the older person dies when the value of inheritances becomes apparent.

It was thought that Power of Attorney is not generally well understood. Consequently, older people are sometimes reluctant to agree, or may unwittingly give Power of Attorney to an untrustworthy person. Applications for Power of Attorney are often left too late for the older person to understand and agree the arrangements. A common misunderstanding among carers and older people alike is that Attorneys have power over wider issues than financial management. This can lead to inappropriate decisions about care needs and unwelcome outcomes for older people, such as moving house or entering residential care.

As well as Power of Attorney, interviewees felt that carers need better understanding about:

- ▶ Requirements for gaining the older person's authority when seeking details of bank accounts and other assets.
- ▶ How capital released when selling a house is treated by HM Revenue and Customs, Department for Work and Pensions, and local authorities assessing income for housing benefit and care services.

Among older people, interviewees saw needs for:

- ▼ More accessible information about sources of help with financial management.
- ▼ Information about appropriate savings products and how to secure the best return.
- ▼ Help and advice with managing problem debts and avoiding indebtedness.

## Research review

A review of research found literature clustered around three themes:

### 1. Older people's and carers' experiences of financial management

Research undertaken in Australia estimated that one in four adults helped older people manage their financial assets during the previous year. Most supported parents, parents-in-law or other family members; a quarter assisted friends or neighbours. Helping older people with their financial affairs involved: day-to-day help with paperwork, paying bills or cashing pensions; management of property and investments; and disposal of major assets such as home and property.

### 2. Roles of paid care staff in managing older people's financial affairs

These studies reflect concerns of residential care staff and other care workers about handling older people's money. As well as drawing attention to the complexities of legal and administrative arrangements governing clients' money, research identifies potential conflicts of interest where both care staff and close relatives are involved in managing older people's finances.

### 3. Research on financial abuse

Studies from several countries examine financial abuse of older people, sometimes as part of wider investigations of elder abuse. These studies describe types of financial abuse, identify those most at risk and consider preventive measures. However, there is no commonly agreed definition of financial abuse and lack of robust evidence on its nature and extent.

The research review suggests that:

- ▼ Older people, carers and front-line practitioners lack knowledge and understanding of issues involved in managing older people's financial affairs, especially how legal and administrative arrangements affect their choices, decision making and independence.
- ▼ Public education and information about managing older people's finances could increase awareness and improve the financial literacy and capabilities of older people, carers and paid workers.
- ▼ Doubtful practices may reflect carers' ignorance or misunderstanding of the complexities of managing someone else's financial assets.
- ▼ Effective responses to suspected financial abuse may be challenging, given pre-existing relationships and interdependencies between an older person and alleged abuser.

## Advice and information

There is a wealth of information on formal arrangements for managing someone else's money, such as Power of Attorney. However, this material concentrates on legal and administrative issues rather than practical advice on asset management within the context of care giving and care receiving. The variety of formal roles and responsibilities may be confusing for older people and carers in understanding how best to manage assets and plan for the future.

Much useful advice on paying for long-term care and admission to residential or nursing homes exists, but is seldom linked to wider asset management issues. Codes of practice pay little attention to the management of financial assets by informal carers and primarily address professional audiences. Material on financial abuse focuses on defining its nature and extent and identifying risk factors, rather than promoting financial capabilities and better accountability.

A comprehensive guide is required, covering day-to-day practicalities of managing someone else's financial affairs, the difficulties that can arise and how best to tackle them. This should be written for older people themselves and relatives, friends and others who become involved in managing their finances. It should include guidance on good practice based on principles outlined in the 2005 Mental Capacity Act. Accessible material in languages other than English is also a priority.

## Existing data

Nationally representative data sets were reviewed to identify their potential for establishing the prevalence and patterns of asset management by close relatives and friends. The most promising source of data is the 2000 *General Household Survey* (GHS). This found that 39 per cent of carers in Britain, or six per cent of the adult population, helped someone who was ill, frail or disabled with their 'paperwork or financial matters', among other types of help given.

That prevalence estimate amounts to 2.6m adults. However, this figure may be too low because the GHS researchers excluded carers who helped *only* with paperwork or financial matters. Further analysis of the GHS is therefore warranted to rework these estimates and find out more about those who are providing and receiving help with financial matters.

Additionally, the *English Longitudinal Study of Ageing* asks about the financial capabilities and circumstances of older people. These data could be used to investigate likely needs for help with asset management and the factors involved.

## Implications for research

The overall aim was to identify gaps in knowledge and questions for further research. Priorities include:

- ▶ Investigating the range and prevalence of tasks involved in helping older people manage their finances and other assets; the circumstances in which assistance is provided; how practices evolve; sources of advice and information; and experiences of both carers and older people.
- ▶ Exploring public understandings of the legal and institutional frameworks for managing someone else's financial affairs; their knowledge of situations in which formal arrangements are appropriate; and the responsibilities and safeguards conferred.
- ▶ Examining the views, attitudes and expectations of older people, carers and families about financial arrangements in later life to inform policies for maintaining older people's financial capabilities and independence, and avoiding or postponing the need for others to become heavily involved.
- ▶ Evaluating the use, circumstances, effectiveness and outcomes of Power of Attorney.

## Methods

Four streams of work were undertaken:

- ▶ Guided interviews were held with professionals from 12 organisations in the public, private and independent sectors. All had direct experience of providing advice and information to carers and older people about managing financial assets.
- ▶ Over 300 references were identified from a search of electronic databases recording material published in English since 1990; 26 articles met the relevance and quality criteria for inclusion in the review.
- ▶ Advice and information was identified by searching the internet sites of 80 organisations including government departments, regulatory bodies and voluntary organisations. Almost 70 publications contained relevant material.
- ▶ Seven data sets with information on individuals' financial circumstances in nationally representative samples were identified. Data files and survey questionnaires were obtained from the Data Archive and evaluated.

## Further information

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