

Money Management Needs and Help of Elderly Living in the Community

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This paper uses the 1989 National Long Term Care Survey conducted by U.S. Bureau of Census to study the elders who are most likely to need assistance with their money management, their helpers, and the factors which explain the need for assistance. A logit analysis of the community-dwelling sample (n=4324) revealed that those more likely to need help had impaired mental functioning, had physical limitations, were older, and lived with their children. The implications for financial counseling are that elders may need assistance in more than one area of functioning. A system approach is used to discuss implications for education, collaboration, and policy.

KEY WORDS: *elderly, money management, disabled*

As the number and proportion of elderly increase it is critical to understand changes in the ability of elders to live independently. Most elderly desire to manage their own affairs and to live independently in their own communities with support systems. One standard way to monitor and assess changes in elderly individuals is to examine Activities of Daily Living (ADLs) and Instrumental Activities of Daily Living (IADLs). These are measures of self or personal care abilities and independent daily living household tasks. A change in any of the ADLs or IADLs is a potential indicator of need for help. Help can be found either in the formal network of services available in the community or in informal networks of family and friends. Services available in communities to assist elderly are clearly increasing.

The assessment of older people's level of functioning is a complex process and requires evaluation from several vantage points (Lawton & Brody, 1969). IADLs include a range of activities more complex than those needed for personal self-care (ADLs). The items measured are sensitive to variations in mood and emotional health as well as to motivation and opportunity for assistance (Kane & Kane, 1981). One IADL that has received little attention is the need for help with money management. It is the focus of this paper. The focus on this IADL, who needs help and what network is utilized, has implications for financial management education. Understanding elders in the community with money management needs can assist financial education and service to elder consumers. The purpose of this paper is to examine: (a) Which elders are more likely to need assistance with their money management? (b) What do we currently know about who helps elders to manage their money? and (c) What factors explain the need for

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money management assistance? These baseline questions will provide insight into how financial counselors and planning educators can prepare for serving an aging population.

Literature Review

What Help Is Needed?

Most elders living in the community do not need help with the activities of daily living. They may have a health-related disability or problem that limits their ability to perform one or more instrumental activities of daily living which is likely to increase, especially with the old-old (Stone & Murtaugh, 1990).

Few studies have been conducted which examine the elderly and their money management needs. Stone and Murtaugh (1990) reported on the prevalence of assistance needed for IADLs in the U.S. population using the 1984 National Long Term Care Survey. They weighted the sample to represent the U.S. population. The most help was needed for grocery shopping (11.1%) followed by money management (8.6%), laundry (8.1%), and help in getting around outside (7.2%). Assistance in all of the other activities was required by less than 5.7% of the population. Additional studies suggest the number of elders who need assistance with money management is estimated to be in the range of 5-10% (National Center for Health Statistics, 1987; Wilber, 1991).

Who Helps?

When health deteriorates, the informal network of family and friends tends to provide the care (Chappell, 1990). Approximately 80% of all elderly care comes from informal sources of family and friends (Brody, 1981). Most often the caregiver is female (Stone, Cafferata & Sangle, 1986). Miller, McFall, and Montgomery (1991) found that females are more likely than males to be caring for elders with slightly greater physical and cognitive problems. Adult children were likely to be caring for persons with greater cognitive disabilities especially if the adult child and parent lived together.

Many families do not define shopping and helping with money management (banking) as "assistance." Rather it is something that an elderly mother does with her grown daughter. Brody (1985) reports that men provide indirect service to the elderly with money management. Cantor and Little (1985) report that working and lower-class families are more likely to provide direct in-house assistance than are more affluent families.

A research study of 1422 Chicago residents in 1983 gave some insight into the perception of support systems which help with money matters (Cook & Kramek, 1986). In a search for the best way to measure economic hardship, elderly respondents (over 65 years old) were asked if they had a support system for help with food, help when sick, a place to stay, and help with money matters. Slightly over 35% of the sample perceived they had no one to help them with money matters. Percentages of elders with no one to help were higher for Blacks (60%) and lower for Whites (25%).

Elderly who knew of a support system to help them with money matters were asked to tell which type of support they would use. Elders in the 65-74 age group named a bank (44%), child (29%), sibling (16%), friend (3%), and a parent (1%). The order changed for those over 75 years with the child as the first source of help (43%), followed by a bank (34%), sibling (12%), and friend (4%).

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Methodology

Data Source and Sample

Data for this study are from the 1989 National Long Term Care Survey (NLTCS) conducted by the U.S. Bureau of Census and sponsored by the U.S. Department of Health and Human Services. The 1989 NLTCS is the third wave in a longitudinal survey of a nationally representative sample of Medicare beneficiaries. The survey includes the personal characteristics and use of health-related services by non-institutionalized and institutionalized disabled elderly in the United States. The initial 1982 NLTC survey interviewed Medicare enrollees through a screening process—residents 65 and older who were disabled for at least three months. Disability was defined as one or more limitations in activities of daily living (ADLs) or instrumental activities of daily living (IADLs).

The 1989 community-dwelling sample (N=4463) consisted of the respondents in the 1982 and 1984 waves reinterviewed, individuals who turned 65 between 1984 and 1989, and individuals previously sampled and screened out because they did not meet the disability criteria. The sampling and inclusion in the waves is described in Manton, Corder, and Stallard (1993) and Manton (1988).

Dependent Variable

The dependent variable for this study was compiled from two questions in the data set: (a) "Do you need any help managing money like keeping track of bills or handling cash for. . .?" and (b) "Does someone usually help you to manage your money, like keeping track of bills or handling cash for. . .?" There were 3062 who did not need help and received no help. There were 1262 who needed help and received it and 139 who needed help, but left blank the response to receiving help. These were dropped since they indicated a need but were not receiving it. In the final regression for the study the groups were: help needed (n=1262) which consisted of those who needed and received help, and no help needed (n=3062).

This study is concerned with everyday money management needs like keeping track of bills and handling cash. Money management is one of six instrumental activities of daily living (IADLs) in the NLTCS data set. The two questions in this study do not directly cover more advanced areas of financial planning.

Independent Variables

The independent variables for this study were based on the literature and included: socioeconomic items, mental functioning, and physical limitations. Socioeconomic items were: age, gender, education, race, income, and living arrangement. Age was measured by the actual age. The grouped age was used for the sample description and the chi-square analysis. The continuous variable was used in the regression equation. Gender was a dummy variable used for the sample characteristics, chi-square and logistic regression analysis. Education was a continuous variable and the actual number of years was used. Education was grouped for the sample description and for the chi-square analysis. The education variable was not used in the logistic regression equation since the mental status scale was adjusted for education. Marital status was a categorical variable consisting of married, widowed, divorced, separated, and never married and used only in the chi-square analysis. Race was a categorical variable including: White, Black, Hispanic, and other. Race was not used in the logistic regression since the mental functioning scale was adjusted for race. Yearly household

income was created from all sources of income for all household members. In the descriptive portion of the paper, the income was grouped. Income was logged using the continuous income variable for the logistic regression analysis. Living arrangement was a categorical variable and the categories were: live alone, spouse, spouse and child, child, other relative, and other. Living arrangement was dummied for the logistic regression.

Mental functioning was measured by a standardized short portable mental status scale composed of 10 items (Pfeiffer, 1975). Scores were computed and adjusted according to criteria for the standardized scale. Refer to Pfeiffer (1975) and Ernst and Ernst (1984) for details on the scale.

A measure of physical limitations was created using the number of ADLs and IADLs with money management omitted. Thus the variable measures physical limitations of all the other tasks normally used to describe disability. The limitations were grouped for the chi-square analysis, but used as a continuous variable for the logistic regression.

Analysis

Logistic regression was used to examine whether or not the need for help with money management can be explained. Logistic regression models allowed for the study of the probability of the odds of having a need for assistance with money management, relative to no assistance with money management, when analyzing variables that could influence the probability. A logit model assumed that there was an underlying response variable Y_i^* . The binary variable Y_i (observable) was defined by: **0** if there was no assistance needed for money management, and **1** if there was assistance needed for money management.

SPSS/PC+ 4.0 routines were used for the frequency, crosstabs, correlation, and logit regression analyses (Norusis, 1990). In the logit regression the computer program assigned a 0 and 1 for the dependent variable, with 0 as the base value. The independent variables could have as many categories as is appropriate, with 0 as the base value. The interpretation of the logit model was written as to the odds of the need for money management assistance occurring. For each variable the probability of need for money management assistance could be computed. The logit coefficients were useful in determining the direction of the effect of the independent variables. The magnitude of the effect of the logit coefficient (log odds) was assessed by the odds ratio. The odds ratio for a dichotomous or categorical variable was calculated by taking the natural anti-logarithm of each log odds (Morgan & Teachman, 1988; Shehan, Bock & Lee, 1990).

The goodness of fit measure was a summary statistic indicating the accuracy with which a model approximated the observed data. Because the dependent variable was qualitative (self-assessment), accuracy can be judged on the fit between the calculated probabilities and observed response frequencies (prediction percentages) or the model to forecast observed responses (Maddala, 1983).

Findings

Characteristics of the Sample

In this nationally representative sample of noninstitutionalized disabled elders, 29.2% needed help with daily money management and 70.8% did not need help. The mean age for those needing help was 80.7 while those not needing help were younger (77.4 M). All of the respondents in this sample were born in 1924 or before. The age distribution in the

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needed help group was skewed to older people. The 85+ group comprised 31% of the total needed help group and this needed help older group was 43% of the entire over 85 years old group in the study.

Males who needed help were 39% of the need help subsample and only 32% of those who did not need help subsample. The women who needed help were 63% of the need help subsample and women who needed no help were 68% of the no help needed subsample. Only 32% of the males needed help while only 28% of the females needed help (Table 1). Those who needed help had a lower mean level of education (9.5 years) compared to the 11.1 years for those who did not need help with money management. In the sample, those who needed help were more non-White (17.8%) than those who did not need help (14.4%). Slightly more were widowed in the needed help group (49.3%) than in the no help needed group (46%). The median yearly household income of those who needed help was \$16,626 and \$9,496 for those who did not need help.

Who Helps?

For those persons who needed help with money management, most of the help was done by family members (96.7%). The most help was received from spouse (41.3%) followed by daughters (32.6%). The help was consistent with what is being reported in the helping literature. Less than 3% hired help and less than 1% listed organizations as providing help. The same pattern existed for the second helper. However, both daughter and son provided more help than anyone else.

Differences in Money Management Help Needs

Significant relationships (at or higher than .01 level) between all independent variables with the exception of marital status and the need for assistance with money management were found in the chi-square analysis (Table 1 on page 154). Bivariate analysis was compared for the expected responses of those who needed help and those who did not need help. The results were that the group that needed help were different than the group that did not need help. The needed help group were older, less educated, had more Black persons and others than expected, had higher income than expected, and had slightly more males than expected. The mental functioning status in the group that needed help was less able than for the group that did not need help. The group that needed help had more physical limitations than expected.

Factors That Explain the Help Needs

The logistic regression model was significant ($p \leq .001$) for the variables used: socioeconomic (age, gender, yearly income (logged), living arrangement), mental functioning, and physical limitations (Model χ^2 (10, N=3453)=792.016). These factors helped explain what determines whether or not an elder has a need for help with money management (Table 2 on page 155). The significant factors are discussed relative to the odds that a person needed help with their money management. The higher the odds the more likely a person needed help with money management.

Table 1
Chi Square Analysis of Disabled Elderly By Management Needs

Variable	Need Help(n=1262)		No Help Needed(n=3062)		X ²	
	#	%	#	%		
Age 131.65***	65-74	305	21.2	1136	78.8	
	75-84	566	28.6	1411	71.4	
	85+	391	43.3	513	56.7	
	Missing			2		
Gender	Male	495	32.0	976	68.0	8.17**
	Female	798	27.8	2074	72.2	
	Missing	5		12		
Education 56.83***	8 years or less	663	34.5	1261	65.5	
	9-11 years	181	25.8	521	74.2	
	12 years	244	25.1	729	74.9	
	12+ years	132	21.3	489	78.7	
	Missing	48		62		
Marital status	Married	529	29.4	1270	70.6	5.68
	Widowed	600	29.9	1407	70.1	
	Divorced/Separated	71	23.3	234	76.7	
	Never married	56	29.0	137	71.0	
	Missing	6		14		
Race/Ethnic Status	White	1039	28.3	2628	71.7	12.66**
	Black	169	34.0	328	66.0	
	Hispanic	18	27.3	48	72.7	
	Other	17	47.2	19	52.8	
	Missing	19		39		
Household income 24.74***	<\$5,000	161	25.2	479	74.8	
	\$5,000-9,999	379	27.3	1011	72.7	
	\$10,000-24,999	461	30.7	1041	69.3	
	\$25,000+	173	37.6	287	62.4	
	Missing	88		244		
Mental functioning 61.82***	Intact function	712	21.9	2546	78.1	
	Mild impairment	126	34.7	237	65.3	
	Moderate impairment	17	45.2	57	54.8	
	Severe impairment	8	47.1	9	52.9	
	Missing	369		213		
Living arrangement 227.74***	Live alone	274	18.8	1180	81.8	
	Spouse	428	27.3	1142	72.7	
	Spouse & child	116	38.0	189	62.0	
	Child	333	49.2	344	50.8	
	Other relative	93	36.8	160	63.2	
	Other	18	27.7	47	27.7	

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Physical limitations	None	23	3.9	571	96.1
	1 or 2	135	11.3	1060	88.7
	3 or 4	306	25.8	881	74.2
	5 or more	798	59.2	550	40.8

p ≤ .01. *p ≤ .001.

As expected, mental functioning was a major factor explaining need for help. Mental functioning had the highest odds in the analysis. A person with more impaired mental functioning was 1.6 times more likely to need help than a person with less impaired mental functioning.

The living arrangement made a difference in the need for help with money management. Those who lived with their children were 1.7 times more likely to need help than those who had other living arrangements. Those living with their spouse and child were 1.6 times more likely to need help than those who had other living arrangements. Those who had physical limitations were 1.5 times more likely to need help than not need help.

Table 2
Logistic Regression for Money Management Needs of Disabled Elderly

Variable	Coefficient	Error	Wald ^a	Odds
Age	.034	.007	25.050***	1.035
Female	.150	.054	7.897**	1.162
Yearly income (log)	.030	.061	.234	1.030
Living arrangement			38.060***	
Live alone	-.246	.116	4.546*	.782
Spouse	.209	.110	3.619	1.232
Spouse & child	.447	.168	7.129**	1.564
Child	.518	.127	16.731***	1.678
Other relative	.046	.178	.068	1.047
Other (omitted)				
Mental functioning	.484	.087	26.016***	1.586
Physical limitations	.382	.019	421.064***	1.465
Constant	-6.158	.799	59.407***	
				degrees of freedom
-2 log likelihood			3005.144***	3442
Model chi-square			792.016***	10
Improvement			792.016***	10
Goodness of fit			3289.007***	3442

^aWald statistic has a chi-square distribution *p < .05. **p < .01. ***<.001. N=3453.

Females were 1.16 times more likely to need money management help than were males. Also, the older the person, the more likely that they would need help with money management matters. However, when considering all of the factors, age alone only increases the odds 1.04 times. Age was less likely to increase the odds than was the gender of the person.

Discussion and Implications

Elders in this nationally representative sample were considered to have a disability as defined by number of functional limitations, a standard measure in the health and aging fields. This study analyzed those who needed assistance with one of the instrumental activities of daily living—money management.

The percent of disabled elders living in the community who needed help with money management was 29.2%. This is higher than the total population weighted estimate of 5-10% by Stone and Murtaugh (1990). However, it is not a majority of those with a disability. Thus, this study allows us to concentrate on the population in the context of those who are considered to have a disability. The persons needing help with money management had other health and disability problems as measured by physical limitations. This implies that persons needing money management assistance are likely to need other types of health and social service assistance.

The findings of this study were not surprising. Such findings are similar to other studies examining elders in the community who are fairly independent even though they experience one or more ADLs/IADLs (Stum, Bauer & Delaney, 1993). Elders who are more likely to need help with money management are those with impaired mental functioning, have physical limitations, live with a child or a spouse and child in comparison to their cohorts. They were also more likely to be female and older.

These results suggest elders and/or their family members who are seeking assistance from financial counseling and financial planners may need assistance in more than one area of daily living. Since they have other needs for assistance, a mixture of services and service providers is probably a normal situation. Therefore, linking with case management services such as transportation, home care agencies, or medical services will provide elder consumers with the most appropriate services. Team building of those helping with money management with social workers and other human service providers may provide the best type of help.

The amount of assistance needed may vary depending on the mental functioning of the elder. The mini-mental scale used for this study is a very common assessment tool utilized by human service professionals. Financial counselors working with an aging population may find it useful to learn about these assessment tools.

It appears that the need for money management help is not a function of the amount of income available. These findings are important to financial counselors and others working in the field of planning education. This means that the overlap of the financial/economic and family system must be considered when discussing the needs of elderly. The findings also highlight the need to understand the context of elders relative to the need for money management assistance. The family system is the important factor in the likelihood of an elder needing assistance.

Elders who live with children would be a family system group to target for educational programs and information. As people age, the need for some assistance for help with money management can be predicted. How can we as educators and employees in organizations assist in elders transition? Goetting and Schmall (1993) suggest it is important to talk over money management before a crisis occurs. They suggest that a crisis is when a parent suffers mental incapacity. This study supports that mental functioning plays an important role in who needs money management help.

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Early discussion of options for handling money management seems to be warranted. Counseling and educational programs to help families should include an understanding of family dynamics including how to establish a good relationship or maintain an established working relationship between parent and child when the child is the helper. The content could focus on decision making roles, rules (processes), as well as power and control issues.

Programs for older women should include topics on helping parents with their money management. This may also be an appropriate area for research to discover what techniques work best in assisting elderly parents with their money management or other ADLs and IADLs. Money management assistance needs will be transitional. Thus helping the family and also the elder through changes in independence levels will involve varying financial management content at varying stages.

As individuals age, changes in levels of independence and transitions can be expected. The needs and changes go beyond purely physical to include money management. A challenge is to understand the relationships among IADLs/ADLs and develop appropriate and interconnected approaches to service delivery.

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