Later Life Financial Security: Examining The Meaning Attributed To Goals When Coping With Long Term Care

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This study examined the meaning attributed to later life financial security goals from the perspective of involved family members. Interviews with 45 families coping with the demands of long term care provided insight into six goal patterns potentially important to later life financial security: self-sufficiency; spouse's financial security; control; leaving an inheritance; qualifying for public assistance; and privacy. Evidence of different definitions of goals among participants reinforced the importance of exploring the specific meaning of goals as well as determining overall importance for an individual. Implications for assessing client goals as part of financial planning and education are discussed.

Key Words: *Elderly, Decision making, Retirement, Long term care*

The changing demographic portrait reinforces the reality that more and more family systems will be facing later life financial security issues. What drives the financial decisions of older family members as they face later life and the remaining years? What is it that family members coping with the challenges of later life are trying to accomplish financially? Failure to understand the answers to these questions puts family decision making processes at risk for either being poorly made or being imposed on the elder by family members or outside professionals.

Relatively little is known, however, about how family members define later life financial goals, or the meaning of financial security in later life. While there is a great deal of interest in understanding retirement security, insight into the meaning of financial security in the later years of retirement is rare. A review of existing literature suggests that the primary focus has been on aggregate and objective measures of retirement security and on examining actions family members may have taken in preparation for retirement (Hanna, Fan & Chang, 1995; Hatcher, 1997; Hatcher, 1998; Li, Montalto & Geistfeld, 1996). What's missing from existing research is an in-depth examination of the meaning attributed to later life financial security goals from the perspective of family members intimately involved in the decision making process.

This study attempts to address the gaps in the current literature by utilizing concepts from decision making theory in family resource management and interpersonal justice theories to understand previously neglected issues of later life financial security goals. Qualitative approaches are used to gain insight into how family members who are coping with long term care perceive and articulate later life financial security goals. One well-recognized later life financial security risk facing elders is that of financing long term care, forcing decisions which can bring financial security in retirement and legacy into focus. Long term care refers to many different services designed to help people with chronic conditions function independently (U.S. General Accounting Office, 1995). Financial planning for all types of health risks, including long term care, is becoming more important as the population ages. The proportion of elders most at risk of long term care, the oldest-old (85 years and older), is increasing faster than any other age group in society (U.S. General Accounting Office, 1995). A recent study reinforced the need for financial counselors to be better prepared to address long term health care financial risks and management in clients' financial plans (Fuller, Zietz & Calcote, 1997). Understanding the implications of longer life expectancies and the risk of long term care for later life financial security goals seems essential as part of a comprehensive and integrated financial planning process.

Articulating later life financial security goals provides a foundation for addressing the current gap in retirement and estate planning resources for financial practitioners. Just as there has been little research on later life financial

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goals, there are also very few educational resources available to help family members make informed decisions about financial security in later life, either in advance or in more crisis situations. Existing resources typically reinforce the importance of identifying goals as the basis for retirement or estate planning, but lack research-based tools to help family members make goals explicit. Practitioners, including financial counselors, planners, and geriatric case managers, need sound assessment tools to understand client goals as the basis for planning efforts (Tacchino & Thomas, 1997).

Review of Literature

A review of the literature found no published research that had examined how family members define later life financial security goals. While little appears to be known about how family members define later life financial goals, existing research provides some insight into potential later life financial security goals. Theoretical models and the application of concepts in the retirement and estate planning literature are reviewed for their relevance. In addition, an overview of the current policy context in which family members define their goals is provided to help understand potential constraints and boundaries on family level goals.

Insight into Financial Security Goals from Theory and Practice

Planning for a financially secure retirement, both in theory and in practice, appears to be driven by the life cycle hypothesis. The life cycle hypothesis assumes that consumers seek to maximize utility from consumption over a lifetime as well as smooth their consumption over the life cycle. This is done by accumulating resources prior to retirement, and dissaving during retirement, with wealth exhausted at death. This model of income and consumption over the life cycle assumes that individuals neither expect to receive nor leave any inheritance and that consumption of resources will occur evenly during retirement years (Ando & Modigliani, 1963). In practice, this model is operationalized in calculations of how much to save to be financially secure in retirement, based on life expectancy assumptions. For example, one of the most common methods for estimating consumption needs in retirement is to specify percentages of pre-retirement income necessary to maintain a constant level of living throughout the retirement years (Duncan, Mitchell & Morgan, 1984). This suggests that an accepted goal in retirement planning is to provide adequate income to prevent the level of living from dropping below pre-retirement levels. The cost of maintaining consumption levels in the retirement years is typically assumed to be less than the cost prior to retirement due to changes in marginal tax rates and age-related declines in selected expenditure categories (Li et al., 1996; Palmer, 1989). Assumptions regarding declining expenditures appear to ignore the reality that some later life consumers will face changes in health, including the risk of multiple chronic illnesses, resulting in out-of-pocket expenditures for long term care.

While there is some empirical support for the life cycle hypothesis, there is also evidence to suggest that the model is too simplistic and not reflective of actual consumer behavior (Hatcher, 1998; Mirer, 1979). Hanna, et al. (1995) describe a more realistic and complex version of a prescriptive life cycle model by changing selected assumptions. Existing research suggests retired persons are less likely to dissave than originally assumed (Ando & Modigliani, 1963; Hogarth, 1991; Kotlikoff, Spivak & Summers, 1982). Modigliani (1988) and Tachibanaki (1994) suggest a precautionary motive may help explain behavior given the uncertainties associated with life and the desire to save for unintended expenditures.

In contrast to the retirement planning literature and life cycle hypothesis, the estate planning and inheritance literature is driven by assumptions regarding the desire to leave a legacy or bequest. Instead of focusing only on one's own life cycle, connections and transfers of resources across the generations and filial responsibility are suggested as motivators for continuing to save during retirement (Menchik & David, 1983). Kotlikoff and Summers (1981) find that most savings are given as bequests and gifts rather than consumed in retirement.

Studies of intergenerational resource transfers have examined transfer behavior in hopes of inferring the motivation for transfers. Altruism and exchange are two primary theoretical perspectives offered and contrasted as explanations for intergenerational transfer behavior and suggested potential goals (Cox, 1987). In the altruism model (Becker, 1974), parents would be expected to transfer resources to their children because they care about the children's well-being and transfers would be a function of the child's well-being. The exchange model suggests that the motivation behind transfers is the creation of social obligations and interdependence among members of a family and expectations of repayment (Cox, 1987; Homans, 1974). That is, transfers may be given to motivate reciprocal exchange, either concurrently or over the life course and may involve the exchange of various types of resources.

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Inconsistent findings are common with support found for both the altruism and exchange motives (Cox, 1987; Cox & Rank, 1992; Dunn & Phillips, 1997; Henretta, Hill, Li, Soldo & Wolf, 1997; McGarry & Schoeni, 1995; McGarry & Schoeni, 1997). Lillard and Willis (1997) suggest researchers avoid the assumption that there is one theoretical explanation for the transfer of resources across the generations, given evidence of variation and heterogeneity in transfer behavior motivators within and among families. Moody (1995) reinforces an ethics and non-economic perspective on inheritance motives suggesting inheritance helps satisfy human needs for power, self-protection, and living beyond death, or generativity.

While the retirement and estate planning literature offers some insight into what family members may be trying to accomplish in later life, health transitions in later life add further complexity to life cycle consumption and legacy behavior. A few recent studies have begun to contribute an understanding of family decision making goals from the perspective of individuals interacting with family members in later life. Severns' (1996) experiences as an elderlaw attorney suggest that clients attempt to balance their need for security and control over assets during their life and their desire for how they would like assets disposed upon their death through an inheritance. He reinforces that the desire to protect assets is less a clear financial calculation than a series of decisions influenced by various values and emotions. Lustbader (1996) suggests decisions regarding how extensively to drain the parent's life savings for long term care brings out issues of conflict, power, emotion, and challenges of how to be fair among siblings as well as across generations.

The Decision Making Context Influencing Goals

Additional insight into what families may be trying to accomplish can be gained by understanding the current macro-level policy context. Family members clearly do not have total freedom to determine what they want to accomplish financially. Current policies offer constraints and boundaries on micro-level goals. In the current policy context, elders in need of long term care have two overall financing alternatives: using private resources and means within the family, and utilizing public government sources of payment. Within each of these overall financing alternatives are multiple and complex options. Elders may choose to use income to purchase long term care insurance to offer some risk and asset protection. Medicaid remains the primary public source of financing long term care. Medicaid is designed to serve as a safety net after an elder's income and assets meet the impoverishment eligibility criteria. When becoming eligible for Medicaid, elders are faced with various choices such as specific asset transfers and gifting. Elders may also intentionally decide to transfer private assets to other family members, effectively becoming voluntarily poor to qualify for Medicaid. In reality, such choices are limited by policies preventing Medicaid asset transfer and efforts to pursue estate recovery (Wiener, 1996). The current context means that family members are faced with changing policies and practices as well as ambiguous messages regarding the public and private responsibility for long term care (Burwell & Crown, 1996).

Medicaid estate planning highlights choices between security for an older adult or a couple and legacy planning for future generations. Different beliefs about the appropriate role of a family's life savings or home, entitlements to public assistance, and inheritances are at the heart of decision making (Wiener, 1996). Some studies have examined types of Medicaid estate planning strategies which may offer some insight into what individuals are trying to accomplish. In Burwell's (1991) study, professionals identified common planning actions such as exempting assets, transferring income and assets to a spouse, protecting a home, and using trusts. Walker, Gruman and Robison (1999) report professionals such as Medicaid workers, elderlaw attorneys and certified financial planners perceived eight key factors influencing asset transfers for the purpose of qualifying for Medicaid. These included the desire to protect material wealth, perception of Medicaid as an entitlement, fear of losing control of finances with onset of illness, and wanting to ensure wishes are known and followed. Wood and Sabatino's (1996) research suggested fear of losing part or all of an estate to the government to repay Medicaid after one's death, or estate recovery, as a motivating force behind avoiding Medicaid coverage.

Baker (1996) used the experiences of legal services practitioners to illustrate examples of ethical dilemmas facing family members when facing Medicaid eligibility and estate recovery. Examples highlighted dilemmas surrounding the use of assets, power issues among family members, and legal expectations of marriage in later life. These outsider perspectives suggested the need to understand issues of security and control of one's life decisions and material wealth over an ever-increasing life expectancy.

What is missing from existing research is an in-depth examination of later life financial security goals from the

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perspective of family members intimately involved in the decision making. How similar or different family members later life financial goals are from those assumed in theoretical models or observed by outside professionals is unknown. This study is designed as a beginning effort to address this existing gap in the literature.

Guiding Framework and Methods

Examining how individual family members perceive and talk about later life financial security goals required attending to the individual experiences of family members who are coping with allocating resources in later life. Qualitative methods were considered the most appropriate for beginning to understand later life financial security goals from the perspective of family members, especially given the lack of current micro-level decision making research (Gilgun, Daly & Handel, 1992).

Theoretical Insight on Role of Goals in Decision Making

Existing family decision making and interpersonal distributive justice concepts provided a theoretical foundation for the research problem and context for the qualitative inquiry. Both distributive justice and family decision making theories assume that the process of allocating resources first requires choosing which goals are to be met (Mikula, 1980; Rettig, 1993). The importance of goals and setting priorities as part of decision making is well recognized conceptually in family resource management models (Deacon & Firebaugh, 1988; Rettig, 1993). Goals are considered to be one type of demand and defined as value-based objectives or anticipated outcomes that give direction and orientation to actions (Deacon & Firebaugh, 1988). Rettig's (1993) ecological framework for examining family life problem solving and decision making suggests the importance of understanding how individual decision makers perceive goals as part of a larger decision making process. Mikula (1980) suggests that a fair distribution of limited resources is preceded by a complex decision making process which includes choosing goals. He reinforces that goals are not solely chosen by the free and active decisions of allocators, but are a function of the social system. In the case of later life financial security goals, what elders and family members may be trying to accomplish will clearly be influenced by the existing legal, social, and political context.

Goals are often intermeshed so that the pursuit of one goal affects another, forming interdependent and interlocking puzzle pieces. Blau (1964) suggests that individuals rarely pursue one goal to the exclusion of all others given the lack of complete information on costs or consequences. Leventhal (1976) reinforces that an individual usually has several goals in any situation that vary in importance, and expectations about how the chances of achieving these goals will be affected by each. Individuals often try to realize more than one goal if the goals are not conflicting. Prioritizing goals is a difficult task for individuals, but extremely complex in families as goals multiply with the number of decision makers (Rettig, 1993). Lack of family member consensus and goal priorities can generate conflict leading to different goals and/or different priorities (Deacon & Firebaugh, 1988).

Decision making research suggests that few individual or family goals are made explicit (Rettig, 1993). Gibson (1990) argues that people cannot readily articulate their own goals in a way that informs their decision making unless they have participated in an effort to explore them systematically. Long term care clients and family members often describe actions taken without conscious decision making with decisions described as being made on a type of "automatic pilot" rather than "mindfully" (Langer, 1989; Thuras, Kane, Penrod & Finch, 1992).

In summary, the existing theoretical literature suggests that goal setting is the first step in a process that motivates action. Facing new and complex issues such as financing long term care can confuse family members as they attempt to clarify and prioritize goals. To better understand how to help family members identify and reach goals related to later life financial security, this research explores the meaning attributed to value-based objectives identified by family members who are coping with long term care issues.

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The Sample

The purpose of this study was to understand the meaning attributed to later life financial security goals from the perspective of family members most involved in making long term care financial decisions. Two types of families were purposefully recruited to represent variations in long term care needs, those with an elder already in a nursing home (n = 33) and those with an elder diagnosed with a chronic illness but still living in the community (n = 12.) Compared to the majority of the elderly population, these families were more likely to be dealing with the allocation of private and public resources and financial security in later life. Families were recruited through the assistance of family councils in nursing homes and support groups in churches, hospitals, and agencies serving caregivers and individuals with Alzheimer's and Parkinson's disease. Of the 45 total family units recruited, roughly half were located in a metropolitan setting and half in a rural, agriculturally based setting.

Family members volunteered to participate in the study. A majority of the interviews were with the family member most involved in financial and care decisions (n = 34). This typically involved a spouse (if married,) an adult child (son or daughter), daughter-in-law, or niece. The remaining interviews were completed with two family members who were both involved in the financial decisions (n = 11). The elder in need of long term care and still living in the community typically participated in the interview with their spouse, while those in nursing homes were unable to do so. Other family members participating together included husbands and wives dealing with parents and/or in-laws, adult children of the elder, and sisters of the elder. This purposeful sample provides a basis for understanding decision making experiences within and between family systems, primarily from the perspective of one informant. This study did not attempt to examine the different perceptions of multiple individuals within the same family system, or examine family-level decision making, that is, responses of the whole family system.

Study participants included a broad socioeconomic spectrum, from elders who lived on Social Security as their only source of income to those with a net worth of millions. It was not uncommon for elders to have accumulated assets up to $100,000, not including the value of their home. Adult children also ranged across the entire spectrum of economic well-being. Elders ranged in age from 59-99 years of age, with a mean age of 87 for nursing home residents and 74.5 for community-based elders. Of elders in the nursing home, 21 were female and 12 male, with 17 widowed, 13 married, and 3 never married. Of elders living in the community, seven were female and five male, with eight married and four widowed. Family members participating in the study ranged from 31 to 87 years of age, and included a total of 45 females and 19 males.

Data Collection and Analysis

The qualitative methods chosen for this study focused on understanding the perception and meaning attributed to goals related to later life financial security as articulated by study participants. In this approach, information was collected using in-depth interviews and open-ended questions to gather details and descriptions in the participants' own words. Three trained interviewers followed an interview guide designed to understand the decision situation, processes, and outcomes, including how those involved perceived presenting problems, what family members were trying to accomplish financially, and experiences regarding the use of and transitions in private and public sources of payment for long term care. For example, one question asked family members to discuss expectations regarding the use of the elder's assets, another asked what financial options and plans had and were being considered. The exact wording of questions and probes, and the order of the questions varied to some degree depending on the relevance and experience of the participants.

Interviews were transcribed and then analyzed and interpreted qualitatively. Inductive open coding procedures were used to identify recurring themes and sub-themes regarding later life financial security goals (Denzin & Lincoln, 1994; Strauss & Corbin, 1990). Two coders independently identified patterns, with discussions occurring to clarify definitions and help ensure interpretive validity within and across family cases. Descriptive validity was protected by maintaining the exact words of respondents. Repetitive themes were found after analysis of 23 responses. Consistency across subjects is one indicator of reliability. Quotes serve as illustrations of identified themes in keeping with the purpose of discovering how those involved think about and perceive financial security goals.

Findings

Goals Family Members Are Trying to Accomplish

The experiences of family members coping with long term care issues suggested six themes at the center of what family members may be trying to accomplish in later life:

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1. Self-sufficiency.
2. Spouse's financial security.
3. Control.
4. Leaving an inheritance.
5. Qualifying for public assistance.
6. Privacy.

Each of these potential goals may mean different things to different individuals. Quotes (indicated by indented text) are used to illustrate different meanings within each of the six competing goals.

Self-sufficiency For some, later life financial security revolved around the goal of using private family resources to meet current and future long term care demands. Family members spoke of the importance of "paying my own way" and "paying my fair share."

> We feel that your assets are meant to take care of you during your lifetime. Our first responsibility is to take care of ourselves (68-year-old daughter of mom, 98, in nursing home).

> I've done it all on my own. I've tripled our assets and bought an annuity to take us through retirement (86-year-old husband with wife, 93, in nursing home).

The meaning of self-sufficiency, however, varied depending upon which income and assets of the elder were perceived as appropriate to use to remain responsible. The family home was often described as an asset with special meaning and different assumptions existed regarding if and how the equity in a home should be used to pay for care needs.

> As much as possible the system should require family assets to be used to pay for care, except certain things like their home and farm. I think that people who can afford to pay shouldn't expect other people to pay for it (48-year-old daughter-in-law of mother, 74, in nursing home).

Family members spoke about self-sufficiency in terms of trying to stretch their existing financial resources until an elder's death. Learning how quickly an elder's life savings could be depleted as a result of the costs of care was a new experience for many family members.

> It's Mother's money, let's use as much of it as we can to take care of her. The greatest thing in the world would be if mother could pass away the day that she didn't have any money left, that's the feeling among all four of us (adult kids) (72-year-old son of mom, 95, in nursing home).

> I sat down and tried to figure out how many more months it would be before I had to apply for Medicaid. I found that to be very emotional, very, very difficult. Our family has always felt we take care of ourselves, and if we don't, well, then someone else in the family takes care. And maybe it is a certain amount of guilt on my part that I am not doing this. It's just very difficult to accept. My husband and I have pledged to keep her in a single room. . .little things like having her hair done we'll take care of that, too (68-year-old daughter of mom, 89, in nursing home).

To other family members, being self-sufficient meant relying on financial resources of certain adult children and other members within the family in addition to the elder's income and assets.

> I have used some of my own money to provide services for mom, simply because sometimes on a monthly basis she is a little tight, but I have my own financial concerns because I am single, a one income family... there is only so much I can do and I also have to protect my retirement benefits for me. I can help with some expenses, but I don't think I can do it on an ongoing basis. My brother simply could not help us out financially at all (41-year-old daughter of mom, 75, with dad, 81, in nursing home).

Spouse's financial security When an elder's family unit included a spouse, another later life financial security goal for some included protecting the financial security of the typically healthier spouse. Ensuring the healthier spouse would have a place to live and sufficient income for daily living and the financial means to pay for one's own long term care needs impacted choices about the use of current income and assets. Perceptions of adequate financial security appeared to be influenced by the spouse's age, health status, and comfort level with spousal allowances under Medicaid.

> I am just barely making it now and I have been spending my 401K, the house is paid for, and with my Social Security income I have a little

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> bit more than $1000 a month. But by the time I pay taxes, health insurance, and insurance on the house and car. . .you go along and you think, well, this can't go on forever. The awful part of it is that I will be in better shape financially when he is gone, because I would switch to survivor benefits and his annuity (68-year-old wife of husband, 87, in nursing home).

> I protected myself so that they didn't get it all. They are not going to make a pauper out of me. I protected enough so that I will not be dependent on somebody else. I am 80 years old and I took out a rather large annuity that will pay me some several hundred dollars a month for as long as I live. I will have income for the rest of my life, whether it is five days, or five years. I am not going to be able to do the things I planned on, but I am not going to starve (80-year-old husband of wife, 79, in nursing home).

Control An additional goal expressed by some family members focused on maintaining control of financial resources and decisions. In some cases, control as a goal was described as a means of maintaining one's independence and decision making while alive. One reason for wanting to rely on private payment care was the perception that once someone else was paying, decisions and choices regarding lifestyle and health care would be out of one's control.

> To me finances mean independence. Who controls the money controls the whole thing (42-year-old daughter-in-law of parents, 76 and 77).

> I know my father would want to protect his assets for his family. I think if we told him that the house was no longer in his name, that would upset him greatly. He would feel like he was losing control. There are things we no longer discuss with him simply because it would just upset him and he can no longer be active in making decisions (41-year-old daughter of dad, 81, in nursing home).

For some, the importance of control was described as closely related to issues of trust, of adult children as well as professionals. In some situations, parents chose not to transfer assets to adult children given the reality that when assets are legally transferred the original owners give up control. However, family members described unwritten assumptions and agreements regarding who really controlled transferred assets regardless of the legal realities.

> She trusted me with paying the bills. She trusted me explicitly, it was almost scary she trusted me so much. Everything came to me directly. What made the whole thing function was her trust. If someone did not trust their child, they would try to hold on to everything (53-year-old daughter of mom, 87, in nursing home).

> I gave the kids the money so that they would have control of it. I didn't want somebody else to control it. It is not in a trust. I cannot get it back. It is given to them. They are pretty good kids—you trust them, of course you do (80-year-old husband of wife, 79, in nursing home).

> I'm not very excited about the options. Some of the best asset protection is to give them away. I don't think I trust my children or the system enough to still feel protected. Once its gone it is no longer yours to control (86-year-old husband of wife, 83, at home).

Leaving an inheritance While leaving an inheritance to the next generation of family members was a desire and goal for some elders, it was a goal few appeared to be willing to meet at the expense of providing quality care, losing control, privacy, or not being self-sufficient. If assets remained after an elder's needs were met and a surviving spouse was financially secure, leaving an inheritance would be welcomed. Individuals in the older generation often spoke of the goal of leaving a legacy and their hope that they would be able to do so upon their death, ***if*** their health would just cooperate.

> Our preference would be to give the money to the kids, but I don't know if that is going to be possible. They don't expect to receive an inheritance but they know they will get what's left, if there is anything left. We'll just go the way we are until we run out (70-year-old wife with husband, 73, at home).

> You kind of like to leave a legacy. I think that is inborn in most of us. We were concerned about not being able to leave anything for our children. But I guess that is what we have been

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> saving for, to take care of ourselves as we grow older. There is a certain amount that we preserved as far as the family is concerned—the house and lake property have been put in the boys' name so they will get that no matter what (79-year-old wife with husband, 77, at home).

Adult children on the other hand expressed varying expectations regarding an inheritance. For some, knowing the realities of their parents' financial situation and the many unknowns associated with longevity led them not to expect any type of inheritance.

> She feels like she would like to be able to leave some of her money to her children. To me, that is not a concern, it is like this money is there for your needs (41-year-old daughter of mother, 75, with dad, 81, in nursing home).

For other adult children, the prospect of having all of their parents' financial assets spent on long term care felt as if the child was being cheated of an inheritance.

> I wanted to set up a trust because I found out that if she was under Medicaid her care would not change—it wouldn't affect her a bit. I thought, why not preserve the estate as much as we can instead of just paying it all out at the nursing home, and those of us get nothing. This way we preserve the estate and it does not hurt her care. But my uncle did not agree. He said that money is hers and should be for her care and the government is not going to pay if she has the money to do it. If there is any money left, then you will get that. We went around on that for several years until I felt it wasn't worth the strain in the family. We're talking about an estate of $245,000. I think my mother has gone way beyond what's reasonable. She has paid 100% for 13 years (59-year-old son of mom, 89, in nursing home for 13 years with uncle as financial manager).

In some cases, older parents spoke of the importance of leaving some type of legacy while they were still alive, primarily through gifting legally allowable financial assets to adult children and grandchildren. In some cases, annual or one time financial gifts appeared important as a way to know that not all of a person's life savings went to pay for health care costs.

> Mom passed on $5000 to each child. I don't agree with that personally because we don't really need the money, and she may need the money to take care of Dad, but her thought was, "Well, I don't want the nursing home to get it—it is my money, so I'm going to do what I please, thank you (53-year-old son of mother, 79, with dad, 83, in nursing home).

Adult children spoke about not wanting to accept gifts from parents, especially when they perceived parents were living so frugally on so little. Adult children indicated the concern that decisions be made which would benefit the elders rather than their own generation, perceiving themselves to be in a better position financially than their parents.

> They keep wanting to give money to the children. And we keep saying we don't want it, if they can enhance their life now. I just think we have different ways of looking at it (41-year-old daughter of mother, 75, with dad, 74, in nursing home).

In some families, adult children accepted gifts with informally agreed upon "conditions." For example, adult children set aside gifted finances to use if needed in the future for a parent's care, such as paying for a private room which Medicaid will not do.

> She had about $65,000 when she went into the nursing home. It was about five years ago when she gave each of us kids $500 and we said this money would be for Mom. We keep her in a private room (62-year-old daughter of mom, 94, in nursing home).

> Mom gifted $2000 last year and $2000 this year, it is kind of like my nest egg. But it is sort of Mom's nest egg. If everything is spent down, we can use that money to buy things she needs (37-year-old daughter of mom, 59, at home).

In other families, different perceptions of the importance of gifting as a form of legacy as well as financial security for the older generation was a source of disagreement.

> They haven't given anything away. His Mom has wanted to give things to the children but his Dad is hesitant and resistant, especially when thinking about their costs. They have

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> talked about it but they cannot agree on exactly what to do, how to gift it. At one point they were talking about $8000 to each children. His Dad talked about giving it to each with an agreement that the kids would hold it and give it back if they needed it. Then they talked about $1000 to each. . .but nothing has been done (42-year-old daughter-in-law of husband's parents, 77 and 76).

Qualifying for public assistance In some families, a financial security goal included qualifying for public assistance. The focus was typically on Medicaid as a primary source of public payment for low income consumers in need of long term care. In some families, the goal of qualifying for Medicaid meant qualifying for entitlements, the ability to protect private assets, as well as not endangering an elder's quality of care.

> I don't think it is up to us to pay for her when there is Medicaid. That's the way we feel. I think she is entitled to it, she paid taxes and she is using up her money fast, and she had hoped to give some to the rest of the family (87-year-old sister of widow, 89, in nursing home).

> We looked ahead at the possibility of programming her for Medicaid. She had a good Social Security income and Medicare. We had money for assisted living. She is on Medicaid and we were able to get in so she could keep her trust. She is getting the income from the trust and that is helping. She is a very proud person and at one time I would imagine that maybe she would be alarmed about being on Medicaid, but now I am sure that she is very comfortable and it really doesn't make any difference regarding her quality of care (70-year-old son of mom, 93, in nursing home).

In other families, qualifying for public assistance was perceived as an acceptable goal but only as a "last resort," after private resources had been depleted.

> You have to do things you don't like. We sold our farm but then it don't last long when it is $3000 a month. When that ran out he had to go on Medicaid. That wasn't what I wanted I'll tell you that. We've always taken care of ourselves and our family members and I never wanted to feel like a burden on the county. So now he is on Medicaid and that bothers me. I haven't told him. We have always been people who wanted to be on our own feet. We worked for what we got and we tried not to take advantage of people, because we know it's got to be paid for by somebody (80-year-old wife of husband, 84, in nursing home).

> I knew her funds were getting close and I told her at around the beginning of the year to start thinking of applying for Medicaid. And that was very strange for her. . .she would never have been the type who would have given away her money to become poor so the state would take care of her. . .never, never (62-year-old daughter of mom, 94, in nursing home).

Privacy An additional goal of some individuals focused on issues of maintaining privacy, both within and outside the family unit. In some cases, the meaning of privacy was described as keeping financial information private within the family unit, among spouses and/or adult children.

> Money even from the time I was a little girl, was not an open issue. He was always just a very closed man with anything to do with money. Even when he died, I didn't know where his papers were. I knew he went to the bank, but beyond that he wouldn't tell me anything (52-year-old daughter of dad, 82).

> I think there were things mom didn't discuss with dad, I don't think she ever told him about the money she had saved or he would have found something they should have spent it on. I think some things were very private between the two of them. It has been hard for her, because she has done all saving of the money, but yet it will go for nursing home care for Dad because they are married (41-year-old daughter of mom, 75, with dad, 81, in nursing home).

> My husband is a very private person. I take care of the finances but we have not discussed finances with the girls (68-year-old wife of husband, 87, in nursing home).

In other cases, the goal of privacy was described as keeping financial information private from outsiders, such as legal and/or financial professionals. In some

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situations this meant elders were avoiding getting advice from professionals.

> There are so many money managers we don't feel safe with. I feel the same way with some of the banks, too (70-year-old wife with husband, 73, at home).

In other situations, family members spoke of losing their privacy when having to share answers to detailed questions about income, assets, and expenses when completing the lengthy Medicaid application.

> It makes you feel much more comfortable about the future if you don't have to worry about the finances . . if you don't have to worry about being scrutinized in order to get financial assistance (37-year-old daughter of mom, 59, at home).

Discussion

The experiences of participants reinforced the conceptual relevance of goals as important factors influencing later life financial decision situations. Four major patterns regarding the complexity of later life goals are suggested by the findings. A discussion of each follows.

First, the experiences of family members clearly illustrated that it is often varied and multiple goals that drive later life financial decisions. The six identified goals reflect multiple goals relating to retirement and meeting changing consumption needs, inheritance and the intergenerational transfer of resources, as well as addressing competing needs within the family system. Family members articulated goals similar to those previously identified in the literature, and offered insight into additional goals. For example, existing literature frequently addresses either a retirement planning/life cycle hypothesis ***or*** inheritance and transfer as goals. In this study, some family members articulated a component of the original life cycle hypothesis in expressing hope that a family member would die the day the money ran out. Others were focused on the goal of stretching their resources to meet their changing and increasing consumption needs and were clearly not experiencing even consumption during their retirement years. The uncertainty of one's life expectancy and unpredictably of costs related to multiple chronic illnesses led some family members to be fearful of outliving their savings. These experiences support similar themes described by researchers suggesting a precautionary motive as an explanation for financial behavior (Modigliani, 1988; Tachibanaki, 1994). In some cases, goals were focused on protecting versus consuming one's wealth, whether while alive or after death. Overall, the findings reinforced Lillard and Willis's (1997) suggestion that the dynamics of intergenerational transfers may be best understood by varied and heterogeneous motives, looking beyond altruism and exchange as sole theoretical explanations.

What family members described as driving financial decisions, however, went beyond goals related to the life cycle hypothesis, bequests, and precaution. Potential goals of control and privacy were also identified, reinforcing the intersection of family and economic issues. Experiences shared suggest that focusing conversations only on assumptions from economic theory may ignore control and privacy as potential goals. Family dynamics related to trust and power were described as being operationalized in later life financial decisions. These findings supported those experiences described by professionals working with family members and reinforce the need to assess social, emotional, as well as financial goals (Lustbader, 1996; Severns, 1996). Further research is needed to explore how similar or different the six goals identified in this study are across family systems and what factors influence goals, including socioeconomic status.

Second, the findings in this study reinforced the ideas of interdependence and the competing nature of later life financial security goals as suggested by Blau (1964) and Leventhal (1976). For example, any one family member may be hoping to achieve several goals and have to make choices when goals conflict with each other. The findings illustrated the interlocking nature as well as potential conflicts among all six identified goals. For example, several family members suggested how impossible it was to leave an inheritance and remain self-sufficient. While both goals were desired, family members were being forced to choose between the two as decisions were made about the use of their savings and accumulated assets. Other family members articulated the conflicts among privacy, control, and leaving an inheritance. For example, while some would have preferred to use gifting or trusts as a form of inheritance, they were not willing to lose control or have to share financial information to do so. In other cases, family members were in a situation in which they were able to some degree remain self-sufficient, protect the spouse, and leave an inheritance. This is reflected in the family situation in which they would appear to have saved sufficient income and assets to protect the ill spouse, had

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purchased long term care insurance for the healthier spouse, and had transferred the house and lake property to ensure some type of inheritance.

Third, while prioritizing goals is difficult for any one individual, the findings further illustrated how the potential for conflict intensifies with the number of decision makers within the family. The findings illustrated how individual family members as decision makers may perceive different goals as important and the need to understand both individual and family-level goals as suggested by Rettig (1993). Different perceptions of the importance of goals were illustrated between spouses, adult children and parents, adult siblings, as well as in-laws and other decision makers within the family. For example, a 68-year-old daughter of a 90 year old mother provided her perspective of different goals among the adult siblings in her family. "I will pay for her private room. I wouldn't ask my brother as they are not as well off as I am. The older one wasn't around the family much and he would never contribute—and the younger one would never either—he'd say, let her go into the double room" As the primary decision maker, the daughter focused on her goal, acknowledging and accepting the differences.

Differences among parents and adult children are highlighted in this example provided by a 57-year-old adult daughter. "Dad said we should pay privately until the money was gone. My younger sister at one time told him he should take some of his money and give to the grandchildren. Both of my parents got very upset with her. 'What are we supposed to live on?' my mother had said. Adult children spoke of respecting their parents or in-laws wishes, and helping to carry out the older generations goals, even when they would personally make different choices if it was their money or decision. The findings also suggested that different perceptions of the importance of gifting as a form of legacy versus financial security for the older generation was a source of disagreement not only among parents and adult children, but also between spouses. In one family, a husband had suggested they would "start giving each of their kids the tax free $10,000 a year and that transferring assets was the way to go." His wife immediately responded, "we have not decided that or even talked about it. It's not really fair to go and give everything away and then expect somebody else to pick up the bill."

Fourth, and perhaps most importantly, the findings reinforced the reality that determining whether any one goal has importance for any one individual family member is only part of a needed larger process. The different meanings and perceptions of goals among study participants reinforced the importance of exploring the detail and specific meaning of each goal. That is, if individuals are only asked to rank broad goals, the result is likely to be a lack of understanding of the individual's particular meaning. For example, asking a client "how important is leaving an inheritance," without understanding what inheritance means to that individual would be an inadequate assessment. As the findings suggested, one family member may perceive an inheritance as giving the kids an education, and another as leaving each child as many assets as possible after one's death. While it may appear that individual family members agree on goals, competing meanings attributed to those goals can serve as sources of misunderstanding and conflict within a family.

Future research should build on these findings and explore how the importance of goals and the meaning attributed to goals is influenced by the role of the family member (e.g., spouse, adult child, in-laws) as well as gender. Cohort effect should also be explored given the degree to which adult children's perspectives of inheritance, self-sufficiency, and use of public assistance differed from their parents who had lived through the Depression era. Additional research should also examine how differences in goals and meaning are managed within family systems, especially between adult children and aging parents.

Implications for Practice

The importance of having client goals serve as the basis for retirement, estate, and later life financial plans appears to be well recognized within the financial services industry. Existing resources, however seem to focus solely on specific legal or financial tools for achieving goals, rather than on helping clients and multiple family members as clients to first define and clarify goals. The need for adequate assessment of goals is essential for financial practitioners and educators involved in helping several potential target audiences. These include:

1. Younger elders (65-75) and their spouses as well as baby boomers searching for ways to plan in advance for later life.
2. Adult children of parents/in-laws coping with paying for long term care and making later life financial decisions in a crisis.

Resources are needed to help family members identify and communicate about later life financial goals, understand that different perceptions of goals are normal

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and should be expected, and understand how other family members perceive later life financial goals.

The findings in this study begin to provide a sound foundation for developing educational tools to help family members across the generations clarify the meaning of later life financial security. The words and experiences articulated provide important examples on which to build and expand. The six goals and meanings identified in this study have been used to create written worksheets to help individual family members rank the importance of later life goals (Stum, 1999). The worksheets offer varied meanings for each goal as well as space to add personal definitions, e.g., "control to me means. . ." Individuals are encouraged to discover and order their goals as well as clarify specific meanings. The process of exploring goals is then considered just as important as choices made. Family members should be able to make more informed decisions regarding specific financing alternatives or methods when goals are made explicit (Rettig, 1993). Financial practitioners and educators are encouraged to use these worksheets as well as other goal clarification tools with their clients.

Making goals explicit should be valuable for spouses, adult children, or other involved family members who may be responsible for carrying out another's wishes. Two versions of the worksheets have been developed; one for the older generation (parents) and another for the younger generation (adult children). Involved family members are encouraged to compare goals and meanings to determine where they may agree or disagree; highlighting both cohort and generational perspectives. When goals are made explicit, family members should be able to avoid assumptions that they are each working toward common goals when that may not be the situation.

Given the demographic trends in our society, it is important now to increase our understanding of later life financial security issues. Further understanding of how the goals found in this study might vary or be the same within and across family systems is needed. Increasing numbers of elders, adult children, and financial practitioners will be searching for practical tools to sort out financial goals as life expectancies increase and health risks threaten financial security.

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Best Article Awards

AFCPE sponsors a *Best Journal Article* award each year, based on articles appearing in *Financial Counseling and Planning*. The winning article is selected by an awards committee appointed by the president, based on criteria such as usefulness and originality.

The 1999 Conference Award went to Tim Christiansen and Sharon A. DeVaney, Purdue University:[22]
Christiansen, T. & DeVaney, S. A. (1998). Antecedents of trust and commitment in the financial planner-client relationship. *Financial Counseling and Planning*, *9*(2), 1-10.

Because of a change in journal publication frequency, there were two awards given at the 1998 Conference.

The award for the best article in Volume 8, issue 2 (1997) and Volume 9, issue 1 (1998) of the journal went to Bradley T. Ewing, Texas Tech University, and James E. Payne, Eastern Kentucky University:
Ewing, B. T. & Payne, J. E (1998). The long-run relation between the personal savings rate and consumer sentiment. *Financial Counseling and Planning*, *9*(1), 89-96.

The award for the best article in the 1996 volume of the journal went to:
Jaimie Sung, Ewha Womens University, and Sherman Hanna, The Ohio State University:
Sung, J. & Hanna, S. (1996). Factors related to risk tolerance. *Financial Counseling and Planning*, *7*, 11-20.

The 1997 Conference Award went to Charles B. Hatcher, Iowa State University:
Hatcher, C. B. (1997). A model of desired wealth at retirement, *Financial Counseling and Planning*, *8*(1), 57-64.

The 1996 Conference Award went to Sharon M. Danes and Kathryn Rettig, University of Minnesota:
Danes, S. M. & Rettig K. (1995). Economic adjustment strategies of farm men and women experiencing economic stress. *Financial Counseling and Planning*, *6*, 59-73.

The 1995 Conference Award went to Sharon A. DeVaney, Purdue University:
DeVaney, S. (1994) The usefulness of financial ratios as predictors of household insolvency: Two perspectives. *Financial Counseling and Planning*, *5*, 15-24.

The 1994 Conference Award went to Vickie L. Hampton, Texas Tech University, Karrol A. Kitt, Sue A. Greninger and Thomas M. Bohman, University of Texas-Austin:
Hampton, V. L., Kitt, K. A., Greninger, S. A. & Bohman, T. M. (1993). The effect of education on participation in flexible spending accounts. *Financial Counseling and Planning*, *4*, 95-110.

The 1993 Conference Award went to Elizabeth P. Davis and Ruth Ann Carr, University of Nebraska-Lincoln:
Davis, E. P. & Carr, R. A. (1992). Budgeting practices over the life cycle. *Financial Counseling and Planning*, *3*, 3-16

Abstracts of these articles and Acrobat files for some of these articles are available at the AFCPE web site: www.hec.ohio-state.edu/hanna/

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