



# The **Caregiver's Guide** to Managing Patient Finances

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**As a caregiver,** you may need to handle someone else's finances for them. You may need complete control of their finances or just the ability to make purchases for your patient. Either way, you will need to keep certain documents at hand in order to pay someone else's bills or manage their bank accounts and credit cards.

**Finnegan Medical Supply** has created this resource for caregivers who are handling the finances and checkbooks of their patients.



## Financial Checklist for Caregivers

### Legal Documents Needed:

- Power of attorney (POA).** This needs to reference whomever will be taking over the patient's finances and must be taken to all appointments of the patient's.
- Patient's living will.** Also must be taken to all medical appointments.
- Will and trust documents.** Keep stored in a safe place like a fireproof safe.
- Medical records.** Keep stored in a safe place like a fireproof safe until needed.

### Financial Documents:

- Any bill pay-tos
- Utility statements
- Credit card statements
- Mortgage or rent-payment vouchers
- Medical bills
- Other occurring fees and payments

### Important Financial Papers to Have:

- Social Security statements
- State and federal income tax returns
- Deed to the patient's living space (if applicable)
- Mortgage papers and ownership statements
- Loan agreements
- Stock and bond certificates
- Pension, 401(k), and retirement account benefit statements
- Bank account information including passwords and log-ins for online banking
- Pay stubs (last year to date)

### Financial Documents:

- Life insurance
- Health insurance
- Car insurance (make sure all passengers are covered in case of an accident when the caregiver is driving)
- Home insurance



## Adjusted Gross Income (AGI)

Income (including wages, interest, capital gains, income from retirement accounts, alimony paid to you) adjusted downward by specific deductions

## Annuity income

Income received from an annuity (investment) other than from a retirement distribution

## Assets

Things that are owned, such as a home

## Bonds

A type of investment where the holder has a creditor stake in the company and receives the investment back with interest after it reaches maturity

## Certificate of Deposit

Sometimes abbreviated CD. Short or medium-term interest-bearing deposits made at financial institutions, such as banks, where you have agreed to keep the money in the account for a specified amount of time for a specific rate of return.

## Conservatorship

Established by court order, a conservatorship is a legal binding agreement that grants a guardian fiduciary authority and responsibility of another person. This agreement requires the guardian act in the ward's best interest.

## Current fair market value

The most probable price (in terms of money) which a property should bring in a competitive and open market under current conditions

## Dependent

A person, most often a child, who is economically dependent on another person

## Earned Income (EI)

Salaries, wages, tips, professional fees and other amounts received as pay for physical or mental work actually performed

## Fixed Income

Income that doesn't change value from month to month, such as social security

## Gross income

Total amount received from an income source before deductions for things such as payroll taxes, insurance premiums, retirement plan contributions, etc.

## Individual Retirement Account (IRA)

A individual retirement account where tax-deferred funds are set aside and withdrawals are able to be made after age 59 ½



## Investment income

Dividends, capital gains net income, certain rental and royalty income, net passive activity income, and taxable and tax-exempt interest

## Legal guardianship

A legal guardianship approved by the courts, including grandchildren. A child of any age who is still residing in your household should be included

## Liabilities

An obligation that legally binds an individual to repay a debt

## Life insurance

Insurance paid to named beneficiaries when the insured person dies

## Long-term care insurance

A policy that provides coverage for care in a nursing facility or care at home, or both, depending on the details of the policy

## Long Term Disability (LTD)

LTD is an income replacement program that protects individuals and family in the event they become disabled and are unable to continue to work

## Low income subsidy

Help paying for Medicare Part D costs for those who meet income and asset rules. Also known as "Extra Help"

## Medicaid

A joint federal and state program that provides assistance with medical costs to some low income individuals with limited resources. Medicaid programs vary from state to state

## Medicare

The federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).

## Net income

The amount received from income after deductions for things such as payroll taxes, retirement plan contributions, wage garnishments and the like. This is sometimes referred to as "take-home pay"

## Out-of-pocket cost

Costs an individual pays without assistance from Medicare or other insurance

## Pension

A private or government fund paid into during employment where benefits are paid to the employee after retirement



## Power of attorney

Document providing legal authority for an individual to make decisions about and exercise control of various assets and transactions of another

### Durable power of attorney

- o Effective immediately
- o Remains in effect should grantor become disabled
- o Allows you to act on his or her behalf
- o Ability to make decisions without grantor's advanced approval

### Nondurable power of attorney

- o Limits agent's authority to specific situation or legal action
- o Limited time period
- o Ceases to be effective should grantor become disabled
- o Commonly used for real estate transactions or allowing an agent to deposit or withdraw funds from grantor's bank account

### Springing power of attorney

- o Only effective if and when a person becomes disabled

## Representative payee

An individual who receives benefits on someone else's behalf

## Reverse mortgage

A type of home loan that lets you convert a portion of the equity in your home into cash

## Revocable living trust

Legal document with three parties involved — the grantors, or person making the trust, the beneficiary, which is the person benefiting from the trust fund and the trustee, who manages the trust fund and serves as the gatekeeper for the distribution of funds to the beneficiary(ies)

## Social Security Disability Insurance (SSDI)

Social Security Disability Insurance (SSDI) is a payroll tax-funded, federal insurance program designed to provide income if you are unable to work due to a disability or until your condition improves, and provides income if your condition does not improve

## Supplemental Security Income (SSI)

An income benefit program administered by SSA for people with limited income and resources who are disabled, blind, or age 65 or older

## Taxable income

Gross income amount subject to taxes

## Untaxed income

Income that is not subject to state or federal taxes such as, Supplemental Security Income (SSI), and Social Security Disability Insurance (SSDI)



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