

HEALTHCARE

Affluent caregivers control elderly loved ones' investments

December 21, 2017



Affluents take care of their parents' investments. Image credit: Merrill Lynch

By BRIELLE JAEKEL

When it comes to healthcare, affluent caregivers look to see that their families are taken care of properly, spending twice as much on loved ones compared to the industry standard.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

A new [report from Merrill Lynch and Age Wave](#) that looks into high-net-worth individuals and their caregiving habits showed that 86 percent of affluent caregivers are responsible for their loved ones' investments. Affluent caregivers are more likely to take care of insurance claims, file taxes and monitor accounts compared to non-affluent caregivers.

"Caregiving is an inevitable life stage that we will all at some point participate in as a caregiver, care recipient, or both," said Cyndi Hutchins, director of financial gerontology for Bank of America Merrill Lynch, Baltimore, Maryland. "It's a journey marked by honor, gratitude and resilience, as well as significant financial and professional challenges and sacrifice.

"With HNW caregivers reporting median expenses of \$15,000 yearly on caregiving costs for loved ones twice as much as total caregivers caregivers at all wealth levels should be planning far in advance for caregiving costs and holding difficult conversations with loved ones while they're still in good health, such as on long-term care options and funding future health needs," she said. "This avoids high stress down the road and leads to productive decision-making come hard times."

Merrill Lynch and Age Wave surveyed 300 high-net-worth individuals who have more than \$1 million in investments.

Caregiving data

Only 53 percent of non-affluent caregivers are tasked with taking care of and monitoring their loved one's accounts, however, 86 percent of affluent caregivers have that responsibility.

About 68 percent of affluent caregivers file taxes for the individuals in their care, compared to 41 percent of others. Individuals who make insurance claims represent 65 percent of affluent caregivers, compared to 47 percent of non-affluent carers.

High-net-worth caregivers are four times more likely to take care of their parents' investments than other caregivers. Caregivers considered affluent who handle these investments make up 86 percent of respondents compared to 27 percent of non-affluents.



Image credit: Merrill Lyn

However, these individuals are not doing so in a binding legal way. Almost half of all affluent caregivers do not have legal authorization to complete these tasks for their loved ones.

These individuals spend double on caregiving compared to industry standard. The group is more likely to have professionals take care of their loved ones, with 31 percent having someone under their care in a long-term care facility compared to 17 percent.

Also, 50 percent of affluent caregivers have professional caregivers helping compared to 33 percent of non-affluent caregivers.

Health and wellness

Healthcare ranked as the biggest concern of China's growing high-net-worth population, according to Hurun and insurance firm Taikang.

Social insurance does not provide the value that China's affluent seek, driving 95 percent of them purchase commercial life insurance to supplement the universal policy. With economic growth feeling like a certainty and family fortunes becoming more secure, basic quality of life issues are overtaking monetary concerns in the minds of the affluent ([see more](#)).

During "The Luxury Shoppers of Tomorrow" keynote at Luxury Roundtable: Engaging Gens X, Y & Z on May 3, a senior executive from Cassandra explained that the Gen Y consumer is a 75 million-strong consumer base with an annual spend of about \$200 billion.

But, even with the available spend, Gen Y is not investing in real estate or the stock markets. Instead, Gen Y are "WELLth investors" who would also rather spend their income on personal and societal wellness ([see more](#)).

The increased interest in health and caregiving is something marketers should take note of and incorporate into their strategies.

"Contrary to popular belief, financial caregiving is far more complex than simply contributing to the recipient's care," Merrill Lynch's Ms. Hutchins said. "Affluent caregivers manage a wide range of complex financial matters on their loved ones' behalf from monitoring accounts and filing taxes, to making insurance claims.

"In fact, 86 percent of affluent caregivers maintain responsibility over a care recipient's investments nearly 4X that of non-affluent caregivers," she said. "But despite these significant responsibilities, many remain ill prepared or may not be sure where to start."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.