

# Adult Children and Elderly Parents: Caring for Each Other

**By Matthew Crider, JD  
Family Wealth Protection Attorney**

The idea of adult children caring for aging parents or grandparents is not a new one. In fact, with the aging Baby-Boomer population, adult children giving up free time or extra hours at work to care for relatives is a growing trend. But recently families have begun creating “caregiver compensation agreements,” something which can end up benefiting both parties in a number of ways.

According to a recent article in the Wall Street Journal, “the high unemployment rate, the rising cost of nursing-home care, an aging population, and a 2006 change in Medicaid law that makes it harder for people who wish to qualify to give away assets” are all contributing factors to the growing trend of these compensation agreements among family members.

How can it help you?

If you're a caregiver the benefits of a caregiver compensation agreement are fairly self explanatory. “Some 37% of caregivers surveyed by the NAC in 2007 said they had quit a job or reduced their hours to accommodate their responsibilities,” some kind of compensation seems only fair. And if you feel uncomfortable taking “wages” from your parents, there are other ways to arrange for compensation. “Attorneys say many families pay an hourly wage. As an estate-planning tactic, others opt for annual gifts or a lump-sum payment designed to cover services over an extended period. Some arrange for the caregiver to receive a larger inheritance.” It will all depend on what works best for your family.

If you're the one receiving the care, compensation agreements can benefit you as well. Paying a family caregiver can help you deplete your savings and qualify for Medicaid, it can also help you reduce your taxable estate, as well as give a gift of sorts to younger family members who may be in need. Remember that Medicaid rules vary from state to state, so enlist the help of your attorney before signing any contracts.

However you may decide to structure your compensation agreement, disclosure can be of the utmost importance. Make other family members aware of the agreement up front to avoid suspicion or hurt feelings later on.

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## About Matthew Crider, J.D.

Matthew Crider formed [Crider Law PC](#) in 1999 so he could help individuals by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His family law and divorce focuses on assisting families in a dissolution matters, including divorce, child custody and visitation, child and spousal support, spousal support and alimony, and parental rights.

