



NO Mystery Here

Eldercare Services Clearly Build on CPA Strengths

BY MITCHELL FREEDMAN, CPA/PFS

FACT:

Every seven seconds another Baby Boomer turns 50.

FACT:

35 million people in this country are 65 years old or older.

FACT:

People 65 and over control an estimated \$13 trillion of wealth.

The facts point to CPA ElderCare Services as a logical next step for CPAs in public practice. But when I've proposed the idea to CPAs across California and the nation, I often hear, "Will I have to provide transportation?" "Do I have to empty bedpans?" or "What do I know about medical treatment?"

Apparently there is some confusion about what eldercare services are, so let's demystify.

NO MYSTERY HERE

CPA ElderCare Services play to our strengths. In fact, we already provide much needed services to our aging and aged clientele.

Traditional CPA eldercare services are those commonly provided to all clients, but are targeted to the elderly. These include:

- Tax planning and compliance;
- Cash flow and budgeting of care needs;
- Networking with clients and their financial planners or investment advisers to help assure the elderly that they will not outlive their assets;
- Examining estate planning issues with clients and their legal counsel to determine if they have been properly

addressed; and if dispositive and other estate planning documents are current and in accordance with clients' desires; and

- Providing insurance policy reviews in the areas of life, health, long-term care, and even property and casualty, in association with clients' insurance brokers.

More specialized eldercare services may include cash depositing, bill paying and bank account management; preparation of

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insurance claims; tax and financial counseling about relocation issues; weighing long-term care living alternatives; and portfolio management for those who have the expertise and licenses to deliver such services.

For those CPAs who want to provide the most specialized services, their offerings will likely include: referrals and oversight for in-home care; resolving transportation issues; coordinating home maintenance, lawn care and home cleaning; and running errands for clients. To provide these services, CPAs will need extensive resource lists or access to caregivers and service providers.

TRAVELLING DOWN THAT ROAD

The diagram on Page 18 reveals that CPA ElderCare Services start with the traditional strengths that CPAs bring to an engagement, and that services progress depending on the practitioner's comfort level, expertise and desires. CPAs can dip their toes in the water (outermost circle), go in up to their knees (second circle), go up to their waist (third circle), or go swimming in the eldercare pond (bull's-eye).

Currently, CPAs across the country and in Canada provide eldercare services at varying levels. Some are establishing separate entities and hiring, aligning or partnering with geriatric care managers, elderlaw attorneys and others to create multi-disciplinary teams who provide broad ranges of services. Others are sticking to more traditional service offerings, but marketing them directly to their elderly clients and targeting elderly clients in their geographic practice areas.

I provide eldercare services despite having had reservations at the outset. I've decided to limit my suite of services to the affluent elderly and provide asset management and financial planning, via my stand-alone registered investment advisory firm, MFAC Financial Advisors, Inc.

My CPA firm, Mitchell Freedman Accountancy Corporation, also provides more traditional tax, family office and financial consulting services to this target market. As my traditional menu of service offerings has included business management services to individuals and businesses in the performing and creative arts, the family office services became a natural extension. I already had the personnel, expertise and infrastructure to provide family office services, and so I did. For asset management services I base my fees on a percentage of assets under management. For other services I bill at my standard hourly rates.

According to the AICPA, the annual market for eldercare services ranges from \$2 billion to \$7 billion. Practitioner's average fees are estimated to range from \$300 to \$1,500 per month, per client, depending of the level of service provided.

LIFELONG LEARNING

To better serve clients, practitioners should learn about the aging process. A way to provide value-added services is to become knowledgeable about community resources available for the elderly.

Virtually all communities have initiatives and services to provide care for their elderly citizens who are healthy or infirm. These resources are offered via private industry, local

and regional governments, not-for-profit organizations and religious organizations. Helping clients navigate the patchwork of offerings is a service for which clients or their adult children are willing to pay reasonable fees.

A tenet of being a CPA is striving for lifelong learning, so increasing your knowledge isn't a burden. To competently provide eldercare services I encourage CPAs to learn about and understand the differences between Medicare and Medicaid (MediCal in California).

Developing expertise in long-term care insurance, medi-gap insurance, reverse mortgages and viatical settlements, along with their uses, can serve your older clients well. If you help them implement plans to provide for their long-term care needs, your clients will feel secure knowing they won't become a burden to their children or society.

GROWING RESOURCES

Several years ago CalCPA's Personal Financial Planning Committee created an ElderCare Task Force to field issues related to eldercare. The task force recently unveiled the first phase of its ElderCare Resource Guide.

This online guide, www.calcpa.org/PFP/elder.resource, currently contains resources for Alameda, Contra Costa, Marin, Sacramento, San Francisco and Yolo counties, including Web links and information on the following topics: Web sites and agencies on aging, elderlaw, care management, personal financial planning services, forensic-abuse issues, and home office/accounting.

Resources and background on how

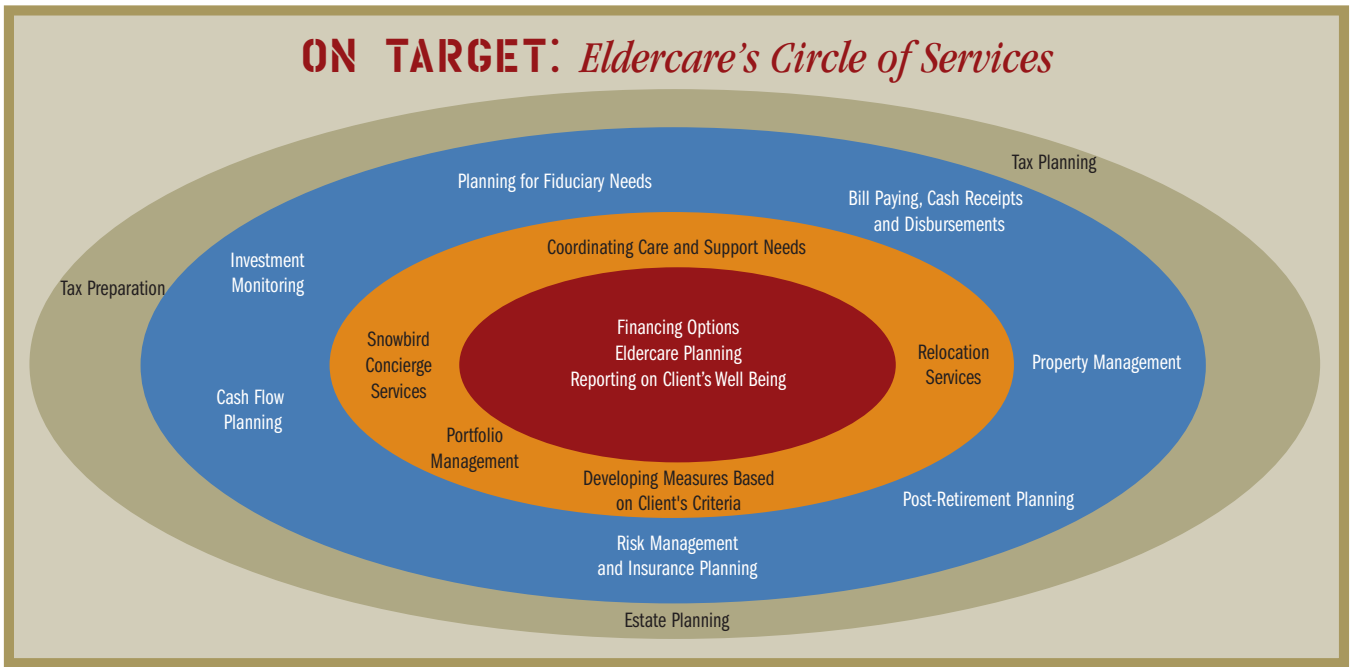
ELDERCARE: *get educated*

The AICPA offers several CPA ElderCare CPE courses and resources in a variety of formats. They include:

- **Developing An ElderCare Practice**
- **ElderCare: The Medical and Psychosocial Issues of Aging**
- **ElderCare: The Legal Issues of Aging**
- **ElderCare: The Financial Issues of Aging**
- **ElderCare: Practice Management and Development Issues**
- **Assurance Services Alert: CPA ElderCare Services**
- **CPA ElderCare: A Practitioner's Resource Guide**
- **Tax, Health Care and Asset Protection for Aging Clients**
- **CPA ElderCare Marketing Toolkit**

For additional AICPA resources, visit CPA2Biz, www.cpa2biz.com, and search for "Eldercare."

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eldercare evolved into a CPA assurance service is available through the AICPA at www.aicpa.org/assurance/eldercare. The AICPA and Canadian Institute of Chartered Accountants have been working for years to develop CPA ElderCare Services. More

recently, the Australian Institute of Chartered Accountants has joined these evolving efforts that enjoy dedicated AICPA staff support and financial resources.

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AD

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ADVANTAGES *all around*

CPA ElderCare Services offer benefits to the elderly and their adult children, as well as provide advantages for CPAs.

Benefits for elderly and their adult children:

- Independence is preserved as long as possible or practical;
- Planning for the future gives clients and their adult children peace of mind;
- Delegating duties that they don't want to perform gives the adult children more free time to enjoy life;
- The elderly are protected from "predators"; and
- CPAs demystify long-term care options and funding alternatives.

Advantages for the CPA:


- More services can be provided to existing clients resulting in more billing;
- Knowledge gained in this area will enable CPAs to more effectively compete with and to differentiate themselves from other firms;
- The services are flexible enough to allow CPAs to provide the services that suit their individual interests and skill sets;
- The population (and client base) is aging. Obtaining needed skill sets will allow CPAs to effectively serve their clients' future needs; and
- By providing these services CPAs can continue to serve clients once they retire or sell their businesses rather than losing the clients and their billing.

ALWAYS YOUR CLIENT

When providing eldercare services, CPAs will sometimes work directly with their elderly clients. If one of a couple is not capable of making decisions then you will work with the party who is. Other times CPAs work with, and in fact may be paid by, the adult children of their elderly clients. Regardless of who is paying the bill, the elderly individual to whom you provide services is always your client, and their interests come before those of the adult child.

THE BOTTOM LINE

CPA ElderCare Services help clients maximize their independence and financial freedom. They take the guesswork out of planning for the future. Eldercare practitioners provide expert, objective advice that makes a difference in their clients' lives. CPAs will benefit by knowing that they have aided clients who need their help and appreciate the services they receive.

My eldercare clients not only send checks for my services by return mail, they also send notes, make telephone calls or dash off e-mails to say, "Thank you for being there for me." 



Mitchell Freedman, CPA/PFS, *president of Sherman Oaks-based MFAC Financial Advisors, Inc., has been a AICPA/CICA Eldercare Assurance Services Task Force member since its inception. Freedman is co-chair of CalCPA's state Personal Financial Planning Committee, and is a frequent speaker on eldercare topics. He can be reached at mitchpfs@mfac-bizmgmt.com.*