

Financial Solutions Need More Creativity

By Kevin R. Worthley

In general, proper financial planning looks to take the numerous issues within a client or client family's circumstances and create workable and realistic recommendations and solutions to solve the often conflicting and interwoven problems a family or individual faces in their lives. Many of these are common among all families. Often though, policies and solutions offered by our government to help its citizens only focus on one particular issue, such as tax incentives to encourage retirement savings or tax deductions to spur business investment and spending.

Recently, I held a discussion with a number of health care professionals on what I perceive to be the current state of senior finances and the effect this situation may have on senior health care in the future. Soon after, I attended a conference on college financial planning to update my knowledge on the college financing situation and further ways to help families afford college for their students. (With both senior finances and families' ability to afford college, the situation is not promising, by the way). These two seemingly separate issues, senior healthcare and college costs, have a number of similarities not readily apparent, but all too real for everyone. Costs for both are rising far faster than the rate of inflation and wage growth. Both issues will affect each family in one way or another and each of us will have to deal with the impact of both in our lives at some point. Finally, both issues are not being adequately addressed as yet by our government to stem the cost growth acceleration and helping families to be able to afford these necessary services.

Government must be more creative and think outside the proverbial box to enact more multifaceted ideas that can address some of these issues at the same time. As an example: We all know, or should realize, that students need more financial assistance to pay for college, because college costs are rising dramatically and families have not or could not save enough. We also should know that health care for our seniors, especially custodial care for older seniors is facing problems in wages for too few caregivers and care facilities that are continually facing budgetary constraints. In both areas, governments may not have the tax revenue to help both adequately. A possible suggestion could be to create a national scholarship program for interested college students. Under this program, this annual, renewable grant would be part of the student's financial aid package as a Federal Scholarship. In return for this money, the student would agree to volunteer his/her time at an assisted-living or custodial care facility in their area, either during college or part-time afterwards. The number of hours required to fulfill their obligation would be determined by the amount of scholarship money they receive, using appropriate wage levels. The student could devote a few hours during the week around their full-time job, their classes while at school or on weekends. The work involved, by the way, does not have to be unpleasant tasks such as cleaning bathrooms, but can encompass assistance to seniors like food shopping, maintenance work at the facility, working in the kitchens, serving food or leading entertainment and exercise sessions, etc. These volunteer workers could also help in programs, such as the new Disease Management Program, (currently under trial within the Medicare system), by providing the routine follow-up interviews with patients, freeing up medical professionals for more technical care and work.

This idea serves several objectives. First, the student receives financial assistance for college, (much like the current Work/Study programs at colleges). Second, the senior facilities benefit by having non-technical staff that does not cost them in wages or benefits to be paid and potentially lowers their costs. Medicare/Medicaid (and therefore US taxpayers) benefit because the reduction in healthcare costs via the non-paid work of the volunteers could fund scholarships without needing additional tax revenue. (The program could even be constructed to lower overall needed tax revenue; wouldn't that be nice?). Finally, elected officials benefit from solving several issues with one creative program, encouraging other programs to do the same. The only drawback might be that the students have to work for college money, however, a) they could view this program as an interest free loan that they pay back with work, or b) if they did not participate and help lower costs of senior healthcare, they may eventually have to finance this growing cost through their taxes paid in the future.

This idea probably has some kinks and other drawbacks, but the purpose is to show how elected officials, policymakers, and directors of influential institutions might work together to create multifaceted programs that can help address our country's serious financial and social problems, even though some of these may not be directly related. Doing so would help us all and demonstrate some real progress in tackling some big issues facing us today and in the future.

Article published in *Money's Worth* column of *Newport Daily News*, Newport RI.