

## What does a financial advocate do?

A financial advocate is someone you would trust to step in for you if you couldn't manage your money down the road. They might be your spouse, adult child, grandchild, nephew or niece, a long-time friend, or someone else you really trust. They can be there to help you with four major categories of financial responsibilities:

1. Manage daily finances
2. Navigate health insurance and other insurance policies
3. Manage investments and sources of retirement income
4. Manage your home and other property

Let's go over these categories in more detail.

### **1** MANAGE DAILY FINANCES

#### **Your financial advocate can:**

- Make sure your bills are paid on time. This includes mortgage, rent, credit cards, insurance premiums, and basic services such as utilities and subscriptions (cell phone, TV, newspapers, etc.). They can also set up automated bill payments.
- Monitor your checking and credit card accounts, including making sure automatic payments are appropriate.
- Look for unusual purchases, donations to charity, and payments that may signal that someone is stealing money from your account or that you are being targeted by a scam.
- Make sure your tax forms are filed correctly and on time, such as income taxes and property taxes.
- Hire and monitor professionals like tax preparers, financial advisers, and attorneys.

- Securely store your passwords, financial records, bills, checkbooks, credit cards, tax returns, and other important documents.
- If needed, interview, hire, and monitor the performance of home health aides and other care providers.

The goal here is to make sure all your expenses are accounted for and that your bills are paid on time, thereby avoiding late fees, penalties, and loss of service or coverage due to missed payments. This helpful monitoring will also protect you from inappropriate purchases and repairs, overzealous solicitors for charitable causes, and many forms of scams, fraud, and identity theft.

## **2 NAVIGATE HEALTH INSURANCE, MEDICARE, MEDICAID AND OTHER INSURANCE POLICIES**

### **Your financial advocate can:**

- Enroll you in Medicare, Medicaid, and/or other health plans that meet your needs.
- Manage your health care providers to make sure they are in-network or are not charging excessive costs. If your providers are out-of-network, your advocate can check to make sure that there is no reasonable in-network choice available to you instead.
- Review your explanation-of-benefit (EOB) statements from insurance companies to make sure they are paying for all services that are covered by your policy.
- Make sure your bills for insurance premiums, deductibles, and copayments are paid on time.
- Make sure your health and insurance records are stored securely.

The goal here is for your advocate to make sure you aren't charged for costs that should be covered by insurance and that you aren't seeing healthcare providers who are out-of-network (unless your network does not offer you a provider who meets your particular health needs). Your advocate can keep you protected against loss of coverage if your premiums, deductibles, and copayments are not paid on time.

**Handling your insurance policies and healthcare bills is a different role than serving as your healthcare power of attorney, which gives that person the authority to make medical decisions on your behalf. Many decisions involve your health as well as your finances, so your financial advocate should coordinate with your healthcare agent.**

### **3 MANAGE INVESTMENTS AND SOURCES OF RETIREMENT INCOME**

**To keep you financially secure, your advocate might help with the following tasks:**

- Determine if you're eligible for financial support such as Social Security disability payments, Supplemental Security Income (SSI), Veterans Administration (VA) benefits or other government programs.
- Initiate pension payments and appropriate withdrawals from retirement accounts such as 401(k)s, 403(b)s, and IRAs, and make sure that you aren't penalized for violating rules on retirement accounts. For example, make sure that you withdraw the required amounts from retirement accounts ("IRS required minimum distribution").
- Periodically monitor and evaluate your investments and insurance to make sure they are still appropriate for your situation and meet your goals.
- Review that your income from retirement accounts is properly transferred into checking and savings accounts.
- Work with you to develop and manage sources of retirement income and an investment strategy. If needed, your advocate can help find the appropriate financial professional.

Ultimately, your advocate will keep your retirement savings safe by making sure you aren't sold investments and insurance products that are inappropriate for your circumstances and goals. They can also prevent high charges for professional services from brokers and advisers, and potentially catastrophic losses due to fraud or mistakes. Last, they can make sure you receive public assistance if you meet eligibility requirements.

### **4 MANAGE YOUR HOME AND PROPERTY**

**If you own your home, your financial advocate can:**

- Work with you to identify what repairs and maintenance are needed.
- Screen, hire, and monitor work done by service providers like contractors, housekeepers, exterminators, plumbers, electricians, and other repair people.

## **If you own rental properties, your advocate can:**

- Hire people for maintenance and repairs.
- Collect and deposit rental payments.
- Communicate with current tenants.
- Interview and evaluate prospective tenants.

If your advocate is not comfortable with this role or lives far away, you or your advocate can investigate hiring a professional property manager for rental properties. The goal here is to prevent substantial costs due to neglected repairs and untrustworthy helpers. In the case of rental properties, you want to avoid losing income due to turnover with tenants and other issues that can come up.

### **IT'S A PRETTY BIG ROLE**

It's quite remarkable how many tasks you do to manage your money and keep it safe. Your financial advocate might also spend a lot of time with these tasks. Be sure to thank them for their time!