



Hard Times Hit Elderly Harder Than Most

By Anita M. Caldwell

OLDER ADULTS HAVE BEEN HARD-HIT BY THE TRIPLE WHAMMY of changes in the nation's financial climate, rising medical costs and an increase in financial fraud targeted at the maturing population.

Donna Iams, University of Arizona associate professor of

family studies, says these trends are hurting both the physical health and the general outlook on life of older Americans. Iams believes they account for the increase in euthanasia or murder/suicide among elderly faced with a catastrophic illness.

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In many instances, the community safety net is so threadbare that people believe their only alternative is to shift the burden to their children — and many are unwilling to do that. “They see the quality of their life is deteriorating and they are not wanting to go on with life,” Iams says.

Iams explains that older adults are particularly vulnerable to changes such as decreasing interest on savings accounts, which many count on to help pay daily living costs. “Those who have been dependent on interest rates from their retirement savings are affected,” Iams says. “Years ago, [banks] were paying more on the [certificates of deposit] and other investments. Now the interest rates have dropped to 2, 3 or 4 percent.

“Most of the people who were depending on that interest are finding they don’t have enough coverage,” she says. “They’re probably going to run out of money sooner than they had planned. And that will be more difficult for those who based their entire future planning on interest income.”

In addition, many people are outliving their pension funds. “We’ve got people living well into their 90s, but their pension plan only covered until their 70s,” Iams says.

Increased costs for medical care and prescriptions also pose a disproportionate problem for older Americans. “The average rate of inflation may be 2 to 4 percent [but] medical care is up 20 to 25 percent,” she points out.

The areas hit the worst are rural areas, where many doctors have shut down offices because it was either too expensive to operate or malpractice insurance was too costly. As they move closer to the cities, the rural areas are left without adequate medical care coverage, Iams says.

In addition, a lot of states are giving less financial support for operating health clinics. People have to travel farther for medical care. “That means physical stress of the distance as well as economic stress,” she says.

Iams knows first hand about the stresses that long-distance medical care can create. Her mother and father were living in a small, rural community last spring when her father learned that he needed surgery. The only hospital that could provide it was in a major city more than 100 miles away, she recounts. The hospital wanted him to plan on a three-week stay.

That translated into hotel and food expenses for Iams’ mother. “That additional cost for the caregiver is stressful,” Iams says.

In some cases, people cover the gap by skipping medications or medical appointments. “Instead of taking their prescription daily they take it every other day,” Iams says. “They will put themselves in a greater health risk. And if they can no longer find the clinic and have to travel farther, they put off going to the doctor.”

Besides feeling helpless during a severe medical crisis, many older adults are experiencing frustration and anger from financial fraud, Iams says.

“Living trusts” are a particularly common tactic used by financial planners targeting the elderly. “A lot of elderly couples are frightened into believing that they’ll have all these legal problems if one of them dies and they have to deal with probate,” Iams explains. But in many cases, the cost of setting up the trust is greater than if the person was just left alone, she says. Besides, many people have some type of joint accounts so they don’t need a living trust.

Financial fraud can be hard to trace because people are apt to keep quiet when they have been deceived by crooked financial planners, Iams says. “A lot of people don’t admit they made a mistake, so they don’t ask for help.”

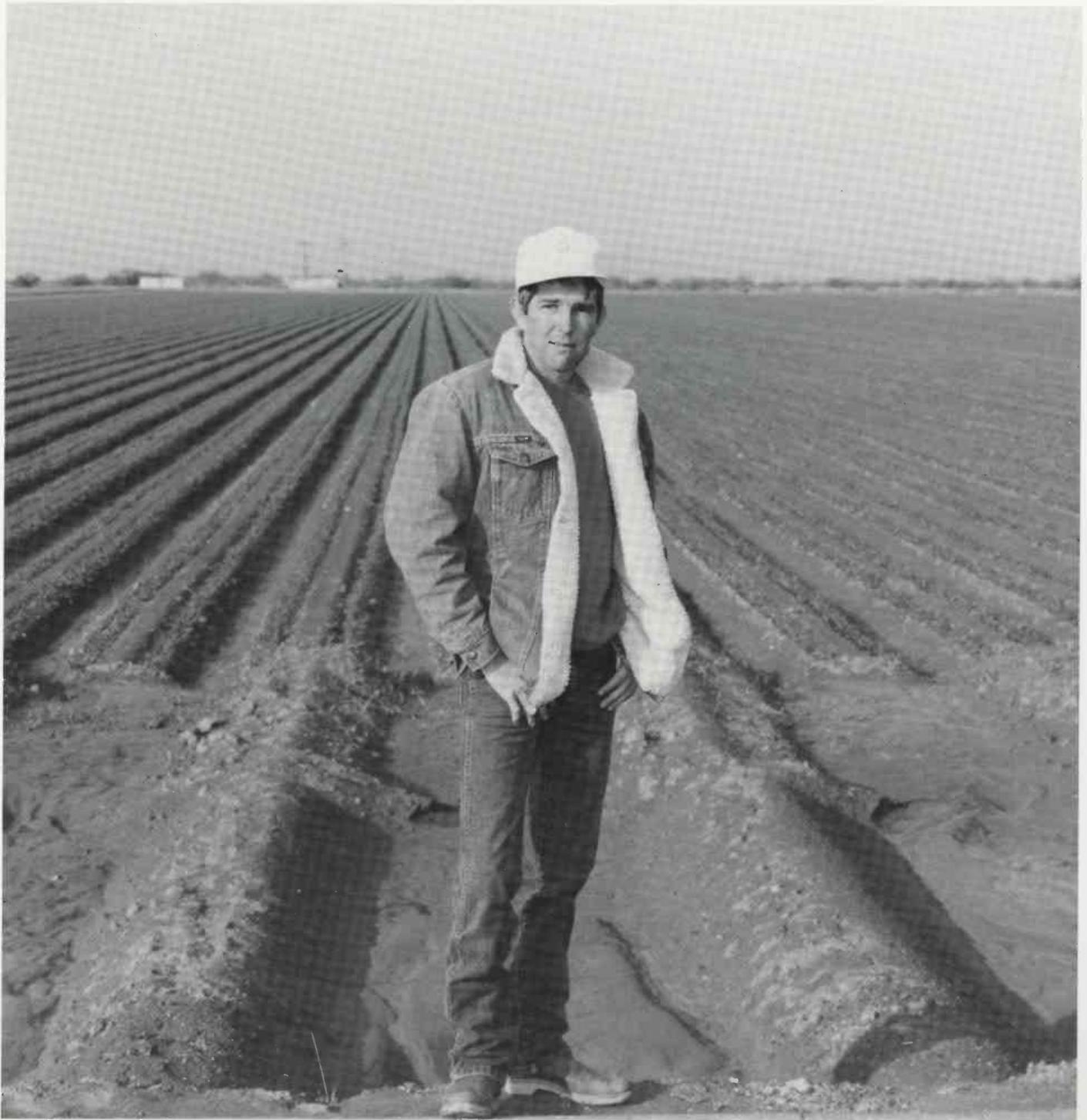
If there is a bright side to the picture, it is that these multiple pressures have given rise to a movement to create more effective checks and balances. The effort includes disseminating more information about general consumer fraud to the public.

Legislation is being written that would require tighter controls on establishing living trusts, and more accountability for financial planners. Currently, they are not as tightly regulated as are, for instance, stock brokers and other professions with clear-cut codes of ethics.

“Arizona [now] has no laws to control that, to protect the older American from financial fraud,” Iams says.

There are also efforts underway to establish a universal hot line for assistance with car repairs, problems with lawyers or with financial planning.

However, any major changes in interest rates or medical costs depends on action by the federal government, Iams says.



When it comes to economic development, University of Arizona scholar Nancy Huber said it best: “Money isn’t the bottom line. The real bottom line is the way people live, hope and work.” As Arizona’s leaders gather to look for ways to help the state adapt to a changing global economy, Huber’s words remind us that the bottom line is people, people like grower Rodney Shedd and the other Arizonans pictured within these pages. They need solutions that will open up new opportunities, while enabling them to maintain the pride, self-reliance and industry on which their lives have been built. *Michael Stoklos photo*