DOI: https://doi.org/10.32782/2524-0072/2025-72-8

UDC 330

# THE FINANCIAL CONSEQUENCES OF FAMILY MEMBERS BEFORE MOVING TO A NURSING HOME

**Yonatan Elgabsy**
Current Academic Degree,
Neve Gil Zahav Nursing Home, Nili, Israel
ORCID: https://orcid.org/0009-0000-5077-3317

The financial consequences of informal caregiving before a family member transitions to a nursing home are often overlooked in policy discussions, despite their profound impact on caregivers, employers, and society. This paper examines the economic burdens faced by family caregivers, including lost wages, increased out-of-pocket expenses, and long-term financial instability. Informal caregiving frequently disrupts careers, leading to stagnation, reduced lifetime earnings, and widening gendered economic disparities, disproportionately affecting women. Employers also face significant costs due to absenteeism, reduced productivity, and workforce attrition. As reliance on informal caregivers grows, policy discussions increasingly focus on solutions such as paid family leave, tax incentives, and pension protections. This paper highlights the urgent need for systemic policy interventions, including comprehensive financial support, workplace accommodations, and expanded access to government assistance programs. Addressing these challenges is crucial for reducing caregiver burden, promoting economic sustainability, and fostering a more equitable and supportive model for elder care in aging societies.

**Keywords:** Informal caregiving; Financial burden; Workforce impact; Elder care policy; Economic sustainability.

**Introduction.** The welfare policies implemented in many countries worldwide, including Israel, often struggle to adequately meet the needs of elderly care. As a result, families must rely on informal care systems, where close family members take on caregiving responsibilities. The transition of an aging family member to a nursing home is a significant financial and emotional event that profoundly affects the entire family. While much attention has been given to the cost of nursing home care itself, less focus has been placed on the financial burdens that accumulate in the years leading up to institutionalization. Families frequently bear hidden costs related to long-term informal caregiving, including medical expenses, home modifications, lost wages, and emotional strain, all of which contribute to financial insecurity and economic hardship.

Informal caregiving has profound financial implications. Research suggests that caregivers often face income loss, increased out-of-pocket expenses, and long-term financial instability due to caregiving responsibilities. According to a study by Schulz and Eden (2016), caregivers spend an average of 20% of their income on caregiving-related costs, including medical supplies, home modifications, and legal services. Additionally, caregiving responsibilities frequently lead to missed workdays, reduced work hours, or career stagnation, disproportionately affecting women (Bookman & Kimbrel, 2011).

The following paper aims to present the financial perspective of family members before moving to a nursing home.

Understanding the financial impact of this transition is critical for policymakers, healthcare providers, and families alike. The financial strain on caregivers is not merely a private issue; it has broad societal implications, affecting workforce participation, economic productivity, and public healthcare expenditures. This paper seeks to illuminate the overlooked economic challenges faced by families before nursing home admission, providing insights that can inform policy interventions, financial planning strategies, and institutional reforms to better support caregivers.

**Main Types of Financial Assistance.** These caregivers provide three main types of assistance: financial support, daily living assistance, and occasional help.

**Financial Support:** Elderly individuals with substantial financial resources can afford professional daily care services, including hiring physiotherapists, nurses, and private doctors and purchasing necessary medical and hygiene products, such as adult diapers and prescription medications not covered by national insurance plans. Additionally, families with sufficient means may invest in smart home technology, such as digital screens that assist with memory loss and facilitate communication with family members through video calls (Hoffman et al., 2019).

**Daily Living Assistance:** Many family members assist aging relatives with bathing, dressing, eating, mobility, and toileting, ensuring they maintain as much independence as possible. Even when a 24-hour caregiver is present, family members frequently step in to support personal care tasks, particularly when the elder requires assistance beyond what a single caregiver can provide (Brodsky, Resnizky, & Citron, 2011).

**Household management** is another significant component of informal caregiving. This includes cleaning, cooking, laundry, and general household upkeep. When the caregiver lives with the elderly individual, these responsibilities naturally expand to the entire household. However, in cases where the elder suffers from incontinence or requires special dietary preparations, additional time and effort are needed to manage daily household tasks effectively (Shinan-Altman & Cohen, 2021).

Another critical component of informal caregiving is helping with **external activities**, such as banking, postal services, medication pick-up, and attending medical appointments. These responsibilities often require caregivers to take time off work or adjust their daily schedules to accommodate their relative's needs.

**Occasional Assistance:** For some elderly individuals, independence remains largely intact, requiring only occasional assistance from a family member. In these cases, informal caregivers provide sporadic support, such as checking in, ensuring that essential needs are met, or stepping in when professional caregivers are unavailable. However, even this level of care can be disruptive to the caregiver's routine, work, and financial situation.

**The Characteristics and Challenges of Informal Caregivers:**

Informal caregivers, often referred to as family caregivers, play a critical role in the long-term care of older adults. Unlike professional caregivers, informal caregivers do not receive financial compensation for their work and typically assume caregiving responsibilities out of familial obligation, social expectations, or lack of available formal care options. Research has consistently shown that the majority of informal caregivers are women of working age, most often caring for a spouse, parent, or in-law. The extent of care provided varies widely, ranging from a few hours per week to more than twenty hours per week, with caregiving responsibilities increasing as the care recipient's health deteriorates (Godfrey et al., 2011).

One of the defining characteristics of informal caregiving is its unstructured and unpredictable nature. Unlike professional caregiving, which operates within a defined schedule and set of responsibilities, informal caregiving is highly fluid and adaptive, depending on the needs of the care recipient. The tasks that informal caregivers undertake are multidimensional and include personal care (e.g., bathing, dressing, feeding), medical management (e.g., medication administration, attending medical appointments), household maintenance (e.g., cooking, cleaning, laundry), and financial or logistical support (e.g., handling paperwork, managing finances, and coordinating services) (Brodsky, Resnizky, & Citron, 2011). These responsibilities are not only time-consuming but often demand significant emotional and cognitive engagement, placing considerable strain on caregivers' well-being.

The increasing reliance on informal caregivers in many societies has led to a growing awareness of the significant personal and economic costs associated with this role. While caregiving can provide a sense of fulfillment and emotional connection, it is also associated with high levels of stress, burnout, and financial strain. Informal caregivers frequently report feelings of inadequacy and lack of preparedness, particularly when dealing with complex care tasks such as managing incontinence, handling behavioral challenges, or addressing the cognitive decline of their loved ones (Schulz & Sherwood, 2008). The absence of formal training exacerbates these challenges, leaving caregivers to navigate difficult medical and emotional situations with little external guidance or support (Haberkern et al, 2011).

Beyond the psychological toll, caregiving imposes substantial economic consequences on informal caregivers, particularly those in midlife and peak career stages. Many caregivers struggle to balance their professional responsibilities with caregiving duties, often experiencing work disruptions, absenteeism, reduced productivity, and in some cases, job loss. The financial implications extend beyond lost wages; caregivers frequently incur out-of-pocket expenses related to medical treatments, home modifications, and assistive devices, further exacerbating economic hardship. Women, who represent the majority of informal caregivers, are disproportionately affected by these financial burdens, as caregiving responsibilities often force them to reduce work hours or leave the workforce entirely, leading to long-term consequences such as lower lifetime earnings, reduced pension contributions, and financial insecurity in old age (Bookman & Kimbrel, 2011).

Recognizing the critical role of informal caregivers, governments and policymakers have begun to develop support mechanisms aimed at alleviating the burdens associated with caregiving. Many countries, including Israel, have implemented family caregiver support programs that provide financial assistance, job protection policies, and access to formal care resources (Spalter et al., 2014). The Israeli government has launched initiatives that focus on training family caregivers, offering psychological support services, and integrating formal and informal care systems to ensure that caregiving responsibilities are distributed more equitably between professional and family caregivers. These efforts aim not only to enhance the well-being of caregivers but also to mitigate the long-term economic and workforce consequences of informal caregiving.

Despite these policy advancements, significant gaps remain in the support available to informal caregivers. Many still face limited access to financial aid, workplace accommodations, and respite care, forcing them to bear the brunt of caregiving responsibilities with minimal institutional support. Future policies must focus on expanding caregiver benefits, ensuring workplace flexibility, and increasing investment in community-based support services to create a more sustainable caregiving model. By acknowledging and addressing the financial, emotional, and social costs of informal caregiving, societies can move toward a more equitable and supportive framework for elder care.

**Women as the Primary Caregivers:**

Caregiving for older adults is disproportionately carried out by women, a reality that has significant economic, professional, and social consequences. Women – particularly daughters, daughters-in-law, and spouses – are more likely than men to assume the role of primary caregivers for aging family members. This gendered division of caregiving is deeply rooted in societal norms, cultural expectations, and structural inequalities, leading to long-term financial disadvantages for women (Bookman & Kimbrel, 2011; Lilly, Laporte, & Coyte, 2007). The caregiving burden results in lost wages, reduced career advancement opportunities, lower retirement savings, and increased health risks, making it a critical economic issue that requires policy intervention.

The gender disparity in caregiving is well-documented. Studies indicate that 60–75% of informal caregivers worldwide are women, with daughters being twice as likely as sons to take on caregiving responsibilities for aging parents (National Alliance for Caregiving & AARP, 2020). Several factors contribute to this imbalance. First, women are traditionally seen as the primary nurturers within families, leading to an expectation that they will take on caregiving roles. This belief persists across diverse cultural and socioeconomic backgrounds (Calasanti & King, 2015). Second, women are more likely than men to work in part-time or lower-wage jobs, which makes them more "available" to assume caregiving duties without the same financial penalties men might face (Carmichael & Charles, 2003). Third, older women frequently care for ailing husbands due to gendered age gaps (women often marry older men) and longer female life expectancy. Consequently, they provide care for extended periods before potentially requiring care themselves.

The Impact of Caregiving Responsibilities on Employment:

Caregiving responsibilities for aging family members has a profound impact on employment, affecting workers' ability to maintain full-time jobs, career progression, financial stability, and overall job satisfaction. Many caregivers, particularly those in midlife and peak career stages, struggle to balance professional responsibilities with the demands of unpaid caregiving. The burden is particularly pronounced for women, who are more likely than men to reduce work hours, decline promotions, or exit the workforce entirely due to caregiving obligations (Lilly, Laporte, & Coyte, 2007). This disruption in employment has significant economic consequences, not only for individual caregivers but also for businesses and national economies, leading to reduced workforce participation, lost productivity, and increased reliance on social welfare programs.

Aging demographics mean that an increasing number of working adults are taking on caregiving responsibilities, often without adequate workplace support. Studies indicate that one in three workers in industrialized nations is currently providing unpaid elder care while employed full-time (National Alliance for Caregiving & AARP, 2020). In addition, nearly 60% of caregivers report making work adjustments, including arriving late, leaving early, or taking time off to meet caregiving demands (Colombo et al., 2011). Finally, more than 20% of caregivers reduce their work hours, and approximately 10% leave their jobs entirely, leading to long-term income loss and retirement insecurity (Eden, & Schulz, 2016).

Women – who constitute the majority of informal caregivers – are three times more likely than men to reduce their work hours or leave employment due to caregiving responsibilities (Berglund et al., 2020). These career interruptions have long-lasting financial implications, including lower lifetime earnings due to years spent outside the workforce or in lower-paying jobs, reduced pension and retirement savings contributions, increasing the risk of financial insecurity in old age and limited career advancement, as caregiving responsibilities often prevent employees from taking on additional responsibilities or promotions.

Caregiving responsibilities not only affect individual employment trajectories but also impact workplace productivity and business performance. Employers report that caregiving-related work disruptions lead to (1) reduced job performance, as caregivers experience increased stress, fatigue, and distraction at work, (2) higher absenteeism, with caregiving employees taking more frequent sick days and unexpected leave, and (3) increased workplace turnover, as some caregivers are forced to quit their jobs to provide full-time care (Chui, 2024).

Providing care for a family member has far-reaching consequences, not only for employees but also for employers and the labor market as a whole. The growing aging population has led to an increasing number of working individuals juggling both professional responsibilities and caregiving duties, creating significant economic and workplace challenges. Studies indicate that a substantial portion of the workforce is involved in caregiving alongside their employment. In Israel, approximately 30% of employees report that they provide care for a family member while maintaining a job (Central Bureau of Statistics, 2006). Similar patterns are observed in Canada, where estimates suggest that 35% of workers are caregivers (Government of Canada, 2024). Within the European Union, caregiving responsibilities are particularly prevalent among middle-aged employees, with 18% of men and 22% of women aged 50-64 providing care for a family member at least once a week (Crompton, R., & Lyonette, 2006).

**Addressing the Financial Challenges of Informal Caregiving by Strengthening Governmental Support for Caregivers:**

The financial burdens faced by family caregivers before transitioning a loved one to a nursing home are significant, multifaceted, and often underestimated in policy discussions. As society ages and life expectancy increases, the reliance on informal caregiving will only continue to grow, placing additional economic pressures on families. The hidden costs of informal care – ranging from direct medical and home care expenses to lost wages, reduced retirement savings, and emotional strain – have far-reaching consequences for caregivers, especially women, who disproportionately bear the burden of elder care (Eden & Schulz, 2016; Colombo et al., 2011).

Addressing these financial challenges requires a multi-pronged approach, including policy interventions, employer-based support programs, and proactive financial planning. Without systemic reforms, families will continue to struggle with uncompensated caregiving responsibilities, exacerbating financial insecurity, workforce attrition, and long-term poverty risks among caregivers. This section outlines key policy measures and financial strategies that can help alleviate these burdens, ensuring that caregiving remains sustainable, equitable, and financially viable for families.

**A. Expanding Caregiver Tax Credits and Subsidies:**

One of the most critical areas of reform involves expanding financial support programs for informal caregivers. Many governments have begun recognizing the economic contributions of informal care, yet existing policies often fall short of adequately compensating family caregivers for their unpaid labor. Several policy interventions can help alleviate financial burdens and reduce caregiving-related economic disadvantages.

Caregivers often spend a substantial portion of their personal income on medical supplies, home modifications, and transportation for aging relatives. Tax credits and direct subsidies can help offset these expenses. Implementing tax incentives can help ensure that caregivers receive some financial relief for the uncompensated labor they provide.

**B. Implementing Paid Family Leave for Caregiving Responsibilities:**

One of the biggest financial risks for caregivers is lost wages due to caregiving responsibilities. Many caregivers – particularly women – either reduce work hours, take unpaid leave, or leave the workforce entirely, leading to long-term career and pension losses (Lilly, Laporte, & Coyte, 2007). Countries with strong paid family leave policies for elder care, such as Sweden, Norway, and Germany, have demonstrated better economic and psychological outcomes for caregivers (Colombo et al., 2011). Expanding paid leave policies globally would allow family members to balance work and caregiving without suffering severe financial setbacks.

Research has shown that countries with robust paid family leave policies for elder care experience better financial, psychological, and workforce outcomes for caregivers. In countries such as Sweden, Norway, and Germany, where paid elder care leave is integrated into labor policies, caregivers report (1) less financial hardship, as paid leave enables them to maintain income stability while fulfilling caregiving responsibilities. (2) improved psychological well-being, as financial security reduces caregiver stress and burnout (Colombo et al., 2011) and (3) higher labor force participation, as paid leave prevents prolonged career interruptions that lead to long-term economic disadvantages.

Paid family leave is particularly important for addressing gender disparities in caregiving. Women, who make up the majority of family caregivers, often face systemic economic disadvantages due to caregiving-related work interruptions. These include wage stagnation due to prolonged career gaps, lower retirement savings from reduced pension contributions and higher risk of old-age poverty, as lost earnings compound over time (Eden & Schulz, 2016).

By implementing comprehensive paid elder care leave policies, governments can prevent the financial marginalization of caregivers, promote workplace equity, and ensure that caregiving responsibilities are not disproportionately shouldered by women.

**C. Developing Pension Credits for Caregivers:**

Caregiving-related work interruptions result in lower lifetime earnings and reduced retirement security. Many caregivers fail to accumulate sufficient pension contributions, increasing the risk of elderly poverty in later life (Berglund et al., 2020). Several countries have introduced pension credits for caregivers, ensuring that unpaid caregiving is counted toward future pension benefits. For example Sweden and Canada provide pension credits for caregivers who take extended leave from the workforce. In addition, Germany's long-term care insurance system offers pension contributions for those providing at-home care for aging relatives. Adopting similar pension protections globally would prevent caregivers – especially women – from facing financial instability in retirement.

**The Role of Financial Planning in Reducing Caregiving-Related Economic Hardship:**

As populations continue to age, the financial strain on family caregivers is becoming increasingly significant. Informal caregivers, often caught between their professional responsibilities and caregiving duties, face substantial economic challenges, including lost wages, out-of-pocket medical expenses, and long-term financial insecurity. While policy interventions such as paid caregiving leave and tax credits can help mitigate some of these burdens, financial planning at the individual and family level plays a critical role in ensuring economic stability. By engaging in early financial discussions, exploring long-term care insurance, and maximizing available government support programs, caregivers can reduce financial risks and navigate the complex landscape of long-term care more effectively.

One of the most significant challenges faced by caregivers is the lack of financial preparedness for long-term care expenses. Many families avoid discussions about elder care planning due to emotional discomfort, denial about aging-related health decline, or lack of financial literacy (Wakabayashi & Donato, 2006). However, delaying these conversations can result in financial crises, forcing families to make hasty, high-cost decisions under stressful conditions.

Financial advisors recommend that families regularly assess their financial situation and create contingency plans to manage elder care expenses without disrupting their overall financial stability (Eden & Schulz, 2016).

Long-term care (LTC) insurance is a critical financial tool for covering the costs associated with elder care, yet many families do not invest in LTC insurance due to lack of awareness, high premiums, or misconceptions about its necessity (Colombo et al., 2011). LTC insurance provides coverage for services not typically covered by health insurance or Medicare, including in-home caregiving services (e.g., home health aides, visiting nurses), assisted living facilities and nursing home care and respite care programs, allowing family caregivers to take breaks from their responsibilities.

Research suggests that individuals who invest in LTC insurance earlier in life can significantly reduce their out-of-pocket caregiving expenses later on, easing the financial burden on both themselves and their family caregivers (Berglund et al., 2020). However, despite its benefits, low enrollment rates in LTC insurance persist, particularly in the U.S., where fewer than 10% of adults over 50 have an LTC policy (National Association of Insurance Commissioners, 2021).

**Conclusion. Moving Toward a Sustainable Future for Caregiving:**

The financial burden of caregiving before transitioning to a nursing home is a pressing issue that demands urgent attention. As caregiving responsibilities continue to grow, governments, employers, and families must take proactive steps to alleviate the financial, professional, and emotional toll on caregivers. Expanding tax credits, paid leave, pension protections, and access to respite care will help ensure that caregivers do not suffer lifelong economic consequences for fulfilling an essential societal role.

Without significant policy reforms and financial planning initiatives, caregivers – especially women – will continue to face disproportionate economic hardship, leading to long-term financial insecurity and exacerbating gender inequalities in retirement wealth. Investing in caregiver support today is not only a moral and social imperative but also an economic necessity for ensuring a sustainable, aging-friendly future.

REFERENCES:


1. Bookman, A., & Kimbrel, D. (2011). Families and elder care in the twenty-first century. *The Future of Children, 21*(2), 117–140.
2. Brodsky, J., Resnizky, S., & Citron, D. (2011). Issues in family care of the elderly: Characteristics of care, burden on family members, and support programs. *Myers-JDC-Brookdale Institute.*
3. Calasanti, T., & King, N. (2015). Intersectionality and age. In *Routledge handbook of cultural gerontology* (pp. 193-200). Routledge.
4. Carmichael, F., & Charles, S. (2003). The opportunity costs of informal care: Does gender matter? *Journal of Health Economics, 22*(5), 781–803.
5. Central Bureau of Statistics (CBS). (2006). *Survey on workforce and caregiving responsibilities in Israel.*
6. Chui, A. L. S. (2024). Navigating the intersection of caregiving and employment: A thematic analysis of trends from 2019 to 2023 and implications for future research. *International Journal of Social Policy and Society (IJSPS, 20*, 45–68.
7. Colombo, F., Llena-Nozal, A., Mercier, J., & Tjadens, F. (2011). Help wanted. *Ageing and Long-Term Care, 17*(2-3), 3.
8. Crompton, R., & Lyonette, C. (2006). Work-life 'balance' in Europe. *Acta Sociologica, 49*(4), 379–393.
9. Eden, J., & Schulz, R. (Eds.). (2016). *Families caring for an aging America.* National Academies Press.
10. Godfrey, C. M., Harrison, M. B., Lysaght, R., Lamb, M., Graham, I. D., & Oakley, P. (2011). Care of self–care by other–care of other: The meaning of self-care from research, practice, policy and industry perspectives. *International Journal of Evidence-Based Healthcare, 9*(1), 3–24.
11. Haberkern, K., Schmid, T., Neuberger, F., & Grignon, M. (2011). The role of the elderly as providers and recipients of care. *The Future of Families to 2030*, 189-257.
12. Hoffman, G. J., Hsiao, C. J., & Mendez-Luck, C. A. (2019). Caring for elders: How smart technology can support aging in place. *Journal of Aging & Social Policy, 31*(1), 70–90.
13. Lilly, M. B., Laporte, A., & Coyte, P. C. (2007). Labor market work and home care's unpaid caregivers: A systematic review of labor force participation rates, predictors of labor market withdrawal, and hours of work. *The Milbank Quarterly, 85*(4), 641–690.
14. Schulz, R., & Eden, J. (2016). *Families caring for an aging America.* National Academies Press.
15. Spalter, T., Brodsky, J., & Shnoor, Y. (2014). Improvements and decline in the physical functioning of Israeli older adults. *The Gerontologist, 54*(6), 919–929.
16. Wakabayashi, C., & Donato, K. M. (2006). The consequences of caregiving: Effects on women's employment and earnings. *Population Research and Policy Review, 25*(2), 151–170.