

Daily Money Management: More than Dollars and Cents

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By Lewis Knopf, CSA



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BY LEWIS KNOPF, CSA, DAILY MONEY
MANAGER

The death of a husband who handled all the finances, the cognitive decline of a once-independent parent, or a time-robbing promotion at work — all such life changes may mean that important financial details could start slipping through the cracks. Invoices are lost, bills are unpaid, investments go untracked, tax deadlines are missed and soon chaos reigns in money matters. But increasingly, help is being sought from professionals who can step in and regain control — the daily money manager (DMM).

Financial professionals who offer personal financial services to clients and their family, such as bill paying, record keeping, budgeting, and tax organization are daily money managers. Their clients are often, but not always, higher net worth individuals and many of them are older adults. DMMs serve widows/widowers, divorced people, those who are disabled, business people too busy to manage their own daily affairs, and even younger folks, like millennials, who never learned to balance a checkbook. The DMM may be hired by the clients themselves or by another family member, or referred by an attorney, certified public accountant (CPA), or other professional. These other professionals comprise what my colleagues and I call the Circle of Care.

- Bill paying (including straightening out incorrect bills).
- Reconciling checking accounts and investment statements.
- Preparing and making bank deposits.
- Gathering and organizing tax documents.
- Reviewing insurance papers and verifying claims.
- Creating financial tracking systems and organizing all financial papers.
- Referring clients to other trusted advisors (attorneys, CPAs, investment professionals, etc.).

DMMs may provide additional services like preparing budgets, spending plans, and debt reduction scenarios, preparation of payroll checks with proper tax calculation for home employees, or acting in a fiduciary capacity as power of attorney (POA), trustee, executor, or guardian.

One such DMM is Sheri Samotin of LifeBridge Solutions. Samotin is a certified daily money manager (CDMM)[®], having earned her certification through the American Association of Daily Money Managers (AADMM) by meeting eligibility requirements and passing an intensive exam and background check. She is also a licensed fiduciary located in California, where one must retain one's license to serve as a trustee. After gaining certification, Samotin hung out a shingle and soon had a Rolodex bursting with the names of estate planning attorneys, case managers, wealth managers, probate attorneys, and other professionals in the eldercare arena. The calls for help came pouring in.

Often, the calls come from adult children and the message is, "Mom needs help."

"Things have begun to slide and the kids have noticed," explains Samotin. "One adult child may want to bring a health aide in to help the mother. Another may believe the time has come for Mother to move to an assisted living residence. For her part, Mom just doesn't want to be a burden or deal with bickering."

When Samotin comes in, the first thing she does is a budget analysis. Afterward, a family meeting is often called and everyone gets to voice their opinion and be heard. Then, Samotin presents her findings, striving to explain things in a clear, easy-to-understand way.

"I never present reams of spreadsheets and I always let the math do the talking," she explains. "I go over all the finances and present three scenarios. Scenario One is the 'as-is' plan. If nothing changes, here is how long Mom's money will last. Scenario Two is how much staying home and bringing help in will cost, and Scenario Three, (which may include utilizing a placement specialist to research assisted living residences

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What is a Circle of Care?

Older adults are often surrounded by other trusted professionals like attorneys, care managers, insurance agents, investment professionals, geriatric care managers, or other caretakers who, together with a daily money manager, create a ring of protection around the older adult. Cross-referral among the trusted professionals is a vital part of the efficacy of such a circle and DMMs get most of their clients through such referrals.

In turn, DMMs help bring into that circle any resources that might be missing and are needed to properly care for the client. It is therefore incumbent on a DMM to maintain a large network of trusted professionals in other arenas, as the DMM is not licensed to give investment or legal advice, arrange nursing or home care, or decide on what insurance the client should buy. Most DMMs specify in their contracts that they are not attorneys, CPAs, investment professionals, or mental health professionals and they will defer to other professionals when issues arise that are outside their scope of practice.

What Does a Daily Money Manager Do?

Each client is a little different, but generally a DMM handles:

and present the numbers), includes how much Mom's care would cost in such a place and for how long the available funds would cover that care."

Many times, the client and family members realize that they had no idea how much care costs or how little Medicare actually covers. "It is an eye-opener for most people," says Samotin, who doesn't limit her practice to just these explanations.

Samotin also recommends health care directives and end-of-life decisions, and often serves as executor or administrator of the estate. Lofty titles those, but Samotin is not above doing any gritty detective work necessary.

"One client, whose estate I was settling, died having never married, or so everyone thought," she recalls. "While going through the things he left behind, in the pocket of an old jacket I found a marriage certificate! I later learned the marriage had been annulled but, if it weren't for such hands-on treasure hunting, nothing would have been brought to its proper conclusion."

She admits that her job never has a dull moment and her work is very appreciated. "I do get lots of hugs," she admits.

Who is a Daily Money Manager?

Daily money managers come from all walks of life, many different previous professions, and from small towns or urban areas, but they do seem to share some traits in common. They are organized, good with math (though mastery of complex mathematics is not required,) and up on technology, though many still provide 'kitchen table' sessions for elderly clients more comfortable with actual papers. Most DMMs prefer to automate their clients' finances, through online banking and bill paying, and use accounting software like Quicken™. (This ability to automate finances came in particularly handy during the recent Covid-19 pandemic and the attendant social distancing.) DMMs are ethical, reliable, and, in an industry where word-of-mouth referrals mean everything, scrupulously honest. But they also share one other trait: patience.

"When you work with seniors, especially if they have any cognitive decline, you must be patient," says Robyn Young, founder of Money Care, LLC. "I have a client that I still meet monthly to make sure her bills are paid. She doesn't want her finances automated. Every month she loses her paperwork. Every month I help her find it."

Young often becomes a limited POA so she can continue paying her clients' bills should they become hospitalized or otherwise unavailable.

Some of Young's clients still prefer to hold the reins, even though their grip may be slipping. One such is a widow whose husband had extensive investments. The widow is a highly intelligent former political operative for a recent presidential administration, and she was always at the top of her game, but is now suffering from slight cognition problems. Her husband never delineated the various investments and it took Young a year to gather all the paperwork to track them. Young must also accompany her client to the bank and talk her through each transaction requiring a medallion signature.

"I act as her personal CFO, asking questions, getting answers, doing leg work and helping her fill in the gaps in her memory," explains Young.

On a list of traits required to be a successful DMM, Young would include compassion.

"It is said that when it comes to cognitive decline, the ability to manage finances is the first thing to go," says Young. "So, when I get frustrated, I remind myself that my elderly clients are out on a limb all alone and I am helping them back to solid ground. Everyone deserves to maintain their dignity and remain as independent as possible for as long as they can."

Why Hire a Daily Money Manager?

CDMM Alison^o Salisbury, president of Fiscally Fit, Inc. has had the same experience on four separate occasions in her career when this question was answered dramatically.

"I have been called to the side of a person's literal deathbed. The terminally ill patient has hired me on the spot to help the partner he is leaving behind with the family finances," says Salisbury. "The dying person has said to me, 'I can't leave until I know she is going to be okay.' This is the type of profound service we DMMs can provide."

Salisbury, an elementary school teacher, started her business after a layoff in the 2008 economic downturn. She went looking for a job that was not only recession-proof, but meaningful.

"I didn't realize everyone couldn't manage his or her personal finances," she says. "I thought it was like washing dishes and that everyone could do it."

But when her own ex-husband paid two professional organizers \$100 an hour each to sort the papers on his desk, Salisbury went online, discovered AADMM and "realized I had found my people." She took an H&R Block tax course, studied everything she could about money management, and sat for certification. Her first prospect came from her own doctor recommending another of his patients for her

services. The prospective client's blood pressure was sky-high from anxiety.

"When I arrived at her home, I found her dining room table piled high with Ziploc bags full of mail she had never opened after the death of her husband," says Salisbury. "The poor woman was living in fear that she couldn't afford to stay in her home."

Salisbury organized her bills, threw away all the bags, and transferred the woman's accounts on to Quicken.

"Her blood pressure came right down when she could see her full financial picture," Salisbury reports. Such personal attention underscores another invaluable benefit of hiring a DMM. They provide another set of eyes, perhaps preventing financial elder abuse.

As the largest generation in the history of the U.S. ages, such abuse is becoming rampant. While likely under-reported, estimates of the cost of elder financial abuse and fraud to older Americans range from \$2.9 billion to \$36.5 billion annually, according to the National Council on Aging (NCOA, n.d.). An observant DMM can often stop such abuse in its tracks.

"I had a client losing her sight due to macular degeneration and still she wouldn't let me automate her finances. She wanted to continue to get all the paper statements, but she couldn't track it," Salisbury recounts. "Her home health aide worker began stealing from her accounts, making online purchases and buying airline tickets before I could notice the theft. I did call the police and the aide was taken away in handcuffs, but I would have noticed the discrepancies immediately if I had seen her automated statements. We DMMs can provide another layer of safety against such elder abuse."

As to who watches the watchers, many DMMs have a clause in their service agreement explicitly asking for permission to contact a responsible party in the event the DMM has concerns about anything going on with the client. Typically, clients will list their attorney or whoever is their agent under their Durable Power of Attorney (DPOA.) Additionally, many DMMs get permission from the older adult client to send monthly reports to someone else, such as a CPA, attorney, or family member, so that there is another set of eyes on the situation.

Members of AADMM have a process for managing different types of complaints. Such issues are presented to the president, another member of the executive committee, and the person who manages the day-to-day operations of the association. This trio will launch an investigation of the complaint that entails reviewing the complaint, conducting a

phone interview with the complainant, sending the relevant materials to the accused, meeting with the accused, and making a determination based on all the facts presented. If it is found that the accused did violate standards of ethics, that person will be excised as a member. The association has also hired Professional Testing, the testing and certification company which owns the Society of Certified Senior Advisors (SCSA), to perform a diagnostic, and advise on the creation of a national accreditation process, which will include testing, screening, and the possible creation of a more formal Ethics Review Board.

There are currently 87 CDMMs certified by the AADMM and with more people than ever passing their sixty-fifth birthday, the need for Daily Money Management for older adults grows each year. Currently, 73 million people in the USA are sixty-five or over and 10,000 people join these ranks every day (America Counts Staff, 2019). This "gray tsunami" is why Salisbury is hoping that the next generation of financial professionals come to consider Daily Money Management as a viable career choice.

"I try to be generous with my time in helping young DMMs along in their careers," she says. "The need is great and the work is very fulfilling. As Daily Money Managers, we can make such a difference in people's lives." •CSA



Lewis Knopf, president, LK Daily Money Management. Prior to founding LK Daily Money Management, Knopf held top leadership positions in banking, financial services and technology. For twenty years he was an executive for Reuters, leaving as executive vice president. He is a highly skilled project manager, financial systems specialist, problem solver, and negotiator. Knopf is currently a CSA and serves as president of the American Association of Daily Money Managers (AADMM).

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■ RESOURCES

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