



Senior Moment

What does eldercare look like in our new normal? **Susan Yellin** shows how advisors can help spearhead family discussions.

There wasn't a single doubt in Ravi's mind that when his widowed father-in-law came to Canada 20 years ago he would be living with Ravi and his wife. "In our culture, we look after our parents until death," says Ravi, 60, of his Sri Lankan-Tamil heritage. "The parents expect it. They feel their children have to look after them."

But now with his 92-year-old father-in-law's physical and mental health taking a turn for the worse, Ravi regretfully concedes that he and his wife just cannot look after the elderly gentleman any longer. Their choice now is whether to bring in a full-time caregiver or take him to a long-term care facility.

It's a stressful dilemma that Ravi and many other Canadians face these days.

The issue of how best to care for elderly parents may not be a new one but it has become a hot button conversation since more than 1,000 outbreaks of the deadly COVID-19 virus swept through Canadian nursing homes and other long-term care facilities earlier this year.

Canada ranks worse than any of its OECD peers for nursing home deaths — more than 80% of COVID-19 deaths in Canada took place among residents of nursing or retirement homes during the first months of the pandemic.

For many, the COVID-19 pandemic was merely the catalyst that bared long-standing deficiencies in some of the country's long-term care homes. Reports suggest that the older age of residents, safety regulations, shocking conditions, and fewer nurses and support staff — issues that were all there before the pandemic — led to the tragedy.

Ontario's ombudsman has launched an investigation into the province's oversight of long-term care homes, while Quebec's chief coroner has ordered a wide-ranging public inquiry into deaths at these homes in that province. Ottawa has been asked to set up national rules and provide funding to long-term care homes. Several class action lawsuits have also been filed.

Now, with those over age 100 being the fastest growing demographic in Canada, this will be a long-term quandary.

Financial advisors say how and where we can best care for our seniors is the basis for a hard conversation that should be taking place more often between adult children and their parents, says Léony deGraaf Hastings, a Burlington, Ont.-based independent certified financial planner, who specializes in retirement income and estate planning.

"It's a gut-wrenching decision to have to make, and it's not just as simple as 'Will Mom's quality of life become better if we bring her out [of a nursing home now]?' Probably it will be," she notes. "But will the Boomer children's quality of life suffer because of that? Is there enough home care available in the community to give their mom the kind of care she requires without it being too much of a burden on the adult children?"

With COVID-19, it's also been a question of safety versus quality of life. Bringing an elderly parent into a home where both adult children are out working could expose the older family member to the virus. DeGraaf Hastings asks if it's a risk they're willing to take. What will happen if the adult children cannot work during COVID-19? Will a parent or in-law cause a greater financial burden on them — or can the parent help out financially?

This is where advisors have a huge responsibility to talk to adult children as soon as possible about everything from what they might need to do to financially to keep a parent or in-law in their own home, right up to informing them about potential insurance products.

"We need to be having conversations with our younger clients when we're talking to them about their retirement," says Krista Hynes, a certified financial planner with Sun Life in St. John's, Nfld. "We need to bring up certain topics like: Do you want to have a conversation about your parents? Let's talk about what we can do. We have you protected for yourself, but what about them? If we, as financial advisors don't take on the responsibility for the conversation, then who will?"

Hynes has seen this issue come up a number of times among



her clients. She gives the example of one of her clients whose mother is starting to have cognitive issues. She is trying to convince her mother to move in with her, and she and her husband will renovate to make a granny flat in the basement of their home. "There's the financial cost they would have to take on, and they may have to backtrack their own retirement savings," she explains. "But then there's the dignity piece of the mother who doesn't want to leave her home."

Hynes says the cost of the renovation will probably be less than having a homemaker worker in her house, but it's a talk the client will have to have not only with her spouse but also with siblings who may be able to pitch in both physically and monetarily. It again comes down to having "the talk" so adults can act responsibly.

The cost for long-term care can differ from province to province. But in Ontario, the range is \$2,000 to \$2,700 a month, while in Newfoundland it's \$2,800 a month. Costs for independent or assisted living also vary within the same province, but can be as high as \$5,200 a month. Depending on the amount of care required, a person needing a round-the-clock caregiver in their own home can cost upward of \$10,000 a month.

With the number of seniors rising, waitlists for some of the more sought-after care facilities will grow, forcing the senior to pay higher costs for private home care, part — or all — of which may have to be shouldered by adult children.

One of the first things clients need to understand is that long-term care is not a right under the *Canada Health Act*, says Hynes. As well, a number of life insurance companies in Canada pulled long-term care products from their shelves a few years ago after failing to gain meaningful traction in Canada, citing

ELDERCARE

confusion over the product and concerns over premiums.

Manulife Financial stopped selling individual long-term care insurance policies in Canada toward the end of 2017, while Desjardins Financial stopped selling its standalone long-term care insurance in June 2018.

While RBC Insurance no longer sells long-term care insurance for new business, clients who, for example, already own RBC's disability insurance can convert it to long-term care insurance when they can no longer use the disability coverage, says a spokesperson.

Sun Life does sell long-term care insurance, but Hynes acknowledges it's a tricky product to position.

The ideal age for a person to acquire long-term care insurance is their late 40s to early 50s, and typically at this point, clients have many other priorities on their minds. However, Hynes believes it may not be so difficult to position now that COVID-19 has taught the country an unfortunate lesson. "It's going to become easier to have the conversation when we have an experience to draw from like the situations that happened with COVID-19," she says.

Notable, however, is the growing number of clients buying all different kinds of insurance during COVID-19, says Hynes, showing that clients value protection. Demand for insurance like critical illness shows that clients want to include health insurance as part of their financial planning.

The advisor's role in this — and other health-related discussions — is to help quarterback the needs and costs associated with any potential solutions, acting as a sounding board to help clients



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with the crucial financial decisions, explains deGraaf Hastings. She finds that having someone removed from the emotional portion of their decision can help clients align their own choices.

As much as everyone thinks they can plan for the future, there are always going to be unforeseen changes that take place. “So, building some flexibility into any financial plan is prudent. For the parent who has saved all of their lives and made sacrifices, they probably want to be taken out of a long-term care home to live with their children,” deGraaf Hastings says. “But the No. 1 fear I hear from seniors is that they don’t want to be a burden to their children.”

For some, having elderly parents at home can be a plus, explains Alex Chan, regional wealth leader, Western Canada at IDC Worldsource Insurance Network in Langley, B.C. “Having parents or grandparents living with you can be a positive in that it gives you some economies of scale when it comes to home, meals, and that sort of thing. As well, the parents may well help out financially,” says Chan. “It can work financially both ways.”

Culture may play a large part in how adult children care for seniors. Chan, a member of the Chinese-Canadian community, says his heritage and that of others, instills a sense of responsibility and pride in adult children in having their elderly parents stay with them. But that sometimes only lasts one or two generations, or ends when both adults begin working outside the home, making it difficult to care for the older family members, says Chan.

In addition, if grandchildren are still in the home that just adds another age group, and definitely another component, into the mix, he says.

“There are so many family dynamics involved. It’s almost like

having to deal with three generations of people when these decisions come,” notes Chan.

While there is the opportunity for the elderly parent to move into a facility, everyone needs to take into consideration the quality of care that’s being given, and the cost.

For example, while Chan’s mother and mother-in-law are both capable of living on their own independently right now, there may come a time when they have to look elsewhere to live and be happy, a move he says may cost anywhere from \$5,000 to \$10,000 a month, if not more, depending on the facility.

Siblings, however, can aid with the issue, either by taking in older parents themselves or helping to pay for costs.

If an older parent lives in a major centre like Toronto or Vancouver where real estate values are high, elderly parents who decide to go into a good facility or live with their children can help with the financial burden by selling their own home, says Chan.

“But it’s a tough decision,” he says. “There doesn’t seem to be any type of commonality. Every family dynamic is so different.”

While the issues associated with long-term care homes will hopefully be corrected quickly, talking to siblings, children, and parents about where to go and who will pay for elderly relatives is an ongoing dialogue.

“This is not going away soon,” notes Hynes. “If we don’t have more of these conversations and increase the ability to self-finance our healthcare costs, we will face a major financial issue when these demographics enter retirement.”

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