



# **Financial Care for Your Aging Parent**

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## Dedication

*Anita & Peter:*

*Know that my love for you is as strong as yours is for your children.  
I have worked all my life to clear the road ahead, and move  
obstacles to the side, so your load may be lighter. Keep this  
book close at hand for one day you will need it.*

*Love Mom*

*To Victoria Hughes, my heartfelt appreciation for your help in  
bringing order, clarity, and structure to my ideas. Together we  
have produced a book we can be proud of. Thank you.*





## Introduction

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By the year 2021, it is estimated that there will be 6.7 million seniors in Canada. By 2041, this number will grow to 9.2 million, meaning that one in four Canadians will be a senior.<sup>1</sup> The statistics for the United States show a similar growth pattern for the aging population with 55 million achieving senior status by the year 2020 — a 36 percent increase over the next decade. The driving force behind this growth is the well-known “Baby Boom” between 1946 and 1965 that saw a dramatic increase in the number of children being born during that period.

With the fastest growing segment of the senior population being those older than age 85, and knowing that 70 percent of Boomers still have at least one living parent, that means many of the Boomer generation will be faced with the prospect of caring for their aging parents right at the same time they are approaching their own

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1 “Becoming a CPCA: Core Concepts, Definitions & Practice Questions,” Certified Professional Consultant on Aging (CPCA) [www.cpcacanada.com](http://www.cpcacanada.com).

retirement. Clearly, Boomers are headed for a crisis; one they may not have anticipated.

As our society moves away from institutional care, more seniors are staying in their homes and/or being cared for by family members. Almost 50 percent of seniors suffer from a disability. Even more shockingly, more than 80 percent are suffering from a chronic health condition.

Currently, more than 90 percent of caregiving in Canada is provided by either a family member or friend. The impact this role can have on caregivers can be as simple as missing out on socializing with other family and friends to more significant consequences such as fatigue, sleepless nights, and emotional or financial stress. Caregivers may also suffer lost wages due to time missed at work, as it is estimated that it costs Canadian businesses \$16 billion a year when employees take time off to care for a loved one. This missed time can also result in losing out on opportunities for promotion, a reduction in savings capacity for their own retirement plans, and smaller pension plan amounts after being forced to retire early.

As aging parents face diminishing health — both physical and mental — it becomes increasingly more challenging to work with them to understand their financial situation and their personal wishes for living arrangements and care, and to protect their interests. Difficult emotions often come into play. Disagreements with siblings are common. Finding all their relevant legal and financial documents can feel overwhelming.

This book aims to provide you with the tools you need to —

- prepare for the possibility of taking on a caregiving role,
- balance your own retirement needs with those of your aging parents,
- create a sustainable financial plan for your parents,
- find resources that provide the services you may need (some at reduced costs),
- track your parents' finances,
- prepare for and select a retirement facility, and
- assist your parents with the sale of their home.

There is no time like the present to begin preparing for your aging parents' financial future. Being proactive can help minimize a great deal of stress and uncertainty down the road — for your parents, yourself, and your entire family.

The worksheets in this book are included in a download kit so that you may modify them to suit your needs at [www.self-counsel.com/updates/financialcare/14forms.htm](http://www.self-counsel.com/updates/financialcare/14forms.htm).





# Preparing to Be a Caregiver

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Not long ago, a treasured client of mine, Grace<sup>1</sup>, had missed three appointments at our office. She completely forgot about the appointments the first two times they were scheduled. The third time we rescheduled, my associate called to remind her, but she got lost on her way to the office. I booked a fourth meeting, this time at her house.

I was concerned about her, so during our meeting I asked if she would give me permission to call her two daughters, Linda and Mary, and share some information with them. She signed a letter I had brought with me, giving me her permission.

Tellingly, as we had our discussion, she could not recall Mary's last name or telephone number. I called Linda and requested a joint meeting with her and her sister, and explained (without going into detail) that I had some concerns about her mother's health.

<sup>1</sup> Names and case details have been changed to protect the clients.

The meeting went well, and at the end of our discussion outlining my concerns, I suggested two things:

1. Grace needed to update her will and power of attorney.
2. An appointment needed to be made for her to see a gerontologist.

Grace did both. The lawyer's meeting came first, and they were able to complete the power of attorney and will with her. The gerontologist appointment came later, and confirmed my concerns: Grace was diagnosed with Alzheimer's disease.

Grace's story is not unique, and the steps her daughters have had to take since then are becoming more common. Her daughters are part of what we refer to as the "sandwich generation." Recent trends show kids in their twenties are choosing to stay in the family home longer, leaving Boomers fearing that when they finally have a freshly emptied nest, they will be faced with taking on their own aging parents who will then require full-time care.

Your best years should be from retirement — generally between the ages of 60 to 80, and up to the onset of chronic illness. Yet, according to the Certified Professional Consultant on Aging (CPCA), these are the years where you are most likely to be called on to help with aging parents.

But wait a minute! Aren't these the "golden years" you've been dreaming about? The years of travel and adventure, free from worry? Your children are grown and out of the house, and you get to enjoy the freedom from responsibility for others, right?

Most of us love our parents and have a sense of responsibility for them, so we want to do the right thing when it comes to their care. As Amy Adams' character said in the movie *Trouble with the Curve* when her father (played by Clint Eastwood) asked why she was still there trying to help him through his health problems, "I feel this dysfunctional sense of responsibility to make sure that you're okay." If, like Amy, you are worried about your aging parents and their ability to care for themselves, this book is for you!

Are you wondering when is the right time to get help for your parents? Are you struggling with what the best time is to move them from home care to a long-term care facility? These are tough questions for any child to answer. I have often teased my own children that I want to get a tattoo with a "best before date" in big, bold letters, clearly instructing them on when it is the right time to place my infirm

remains in a nice, warm, comfortable retirement residence at the first sign of senility. If only it were that easy.

This book is designed to help you balance the needs of your aging parents with your own lifestyle needs and retirement dreams.

## 1. The Different Stages of the Elderly

There are different stages of being a senior; people can be distinguished between the Youthful, Middle Age, and Elderly of the senior years.

*Youthful* seniors are represented by those who are healthy and active — typically between the ages of 65 and 75 (or older, if still in good health). These are the years of high activity, sometimes including continued work, travel, and even extreme sports. These are frequently also the caregivers of their chronically ill parents.

Seniors in their *Middle Years*, older than age 75, are still active but to a lesser degree. They may be suffering from a chronic illness, which limits their activities to a certain extent. They still have the ability to live independent lives, and most choose to remain living in their own homes. Indeed, they are encouraged to do so by society and by our government agencies, until the onset of a serious critical illness, or if and when they are no longer able to perform what are known as The Activities of Daily Life<sup>2</sup>.

The Activities of Daily Life consist of the following:

- Eating and feeding ourselves
- Dressing ourselves
- Bathing ourselves and maintaining basic hygiene and toilet activities without help
- Transferring in and out of bed, bath, or chair without help
- Maintaining our home and surroundings for basic cleanliness and safety

Once a chronic illness interferes with an older senior's ability to carry on independently, we refer to them as *Elderly*. This has more to do with ability than actual age. For example, there are many highly active and engaged individuals older than 80 who would rarely be referred to as “elderly”; for example, Warren Buffett, Queen Elizabeth, Sir Michael Caine, Betty White, and Maya Angelou.

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<sup>2</sup> “Activities of Daily Life (ADLs) and Instrumental Activities of Daily Life (IADLs),” Senior Housing Net, accessed January 20, 2014.

[www.seniorhousingnet.com/assisted-living/adlsandiadls.aspx?source=web](http://www.seniorhousingnet.com/assisted-living/adlsandiadls.aspx?source=web)

As mentioned in the introduction, the North American population is aging at a remarkable rate thanks in part to the number of births in the Baby Boom generation, continued advances in medicine, and healthy lifestyles. By the year 2041 we will see one in every four persons qualify as a senior. With the fastest growing segment of the senior population being those older than 85, it is more likely than ever before that Youthful seniors will be taking care of their parents in the Elderly senior category.

In the USA, the Administration on Aging ([www.aoa.gov](http://www.aoa.gov)) gives the following statistics:

- Of the US population, 1 in 8 is 65 years or older.
- Population of those older than the age 65 numbered 40.4 million people in 2010.
- Expected population of 65-year-olds by 2020 is 55 million, and by 2030, it is expected the number will grow to 72.1 million.
- It is estimated that between 20 to 40 percent of US adults are now caring for a sick or an elderly family member. Since most caregivers are family, accurate data is difficult to come by.
- The US economy is cited as a cause for more sick and elderly being cared for at home by informal caregivers (mostly family members).

The Certified Professional Consultant on Aging (CPCA) cites the following Canadian statistics in their course material “Becoming a CPCA”:

- 1 in 5 Canadians age 45 and older are providing care to a senior.
- 6 percent of Canadians older than age 75 report being caregivers.
- Adults have more parents than children for the first time in history

A recent Statistics Canada report identifies 8 million Canadians as caregivers in 2012<sup>3</sup>, and the number one reason cited for requiring caregiving in this report was *aging* (28 percent). Adding Alzheimer’s and dementia to that number (an additional 6 percent) shows that almost 3 million people are already caring for our aging population. It’s time to get prepared.

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<sup>3</sup> “Portrait of Caregivers, 2012,” Statistics Canada, accessed January 20, 2014. [www.ccc-ccan.ca/media.php?mid=378](http://www.ccc-ccan.ca/media.php?mid=378)

## 2. Why Do We Fear Aging?

In my more than 20 years of experience as a Certified Financial Planner, working with more than 1,000 Boomers, they are, by and large, working toward their retirement savings goals. However, the majority are behind in their required saving schedule, which presents a serious problem. At best, most are on target to retire at 75 percent of their retirement goal. This may require accepting a reduced retirement lifestyle, or working longer (delaying retirement) in order to achieve the savings needed for their desired retirement lifestyle.

As Boomers prepare to retire, they are increasingly being faced with the onset of chronic illness and infirmity of their aging parents. In my experience, Boomers feel obligated to help out, often at a cost to their current lifestyle, and ultimately their retirement lifestyle as well. These costs will be both financial and social.

Taking on the responsibility for the financial care of your aging parents at the same time you are planning your own retirement presents a unique set of challenges. For many of you this may mean a loss of time and money from work, forced early retirement, or a loss of freedom within your own retirement to pursue those long-held and cherished retirement dreams.

In my experience with my own family and my clients, most elderly parents are being less than forthright about their diminishing capabilities. This is a scary time for them, and there are many reasons why they may be withholding information from their adult children:<sup>4</sup>

- Fear of losing independence and treasured privacy.
- Fear of acknowledging mortality.
- Fearing the change of new surroundings, new routines, and new people.
- Not wanting to burden loved ones with their care.
- Fear of the cost of any treatments or care they may require.
- Embarrassment in admitting they can no longer perform certain tasks.
- They may already be experiencing dementia or mental health issues that prevent them from knowing what is happening to them or recognizing their limitations.

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<sup>4</sup> “Caring for the Elderly: Dealing with resistance,” Mayo Clinic, accessed January 20, 2014. [www.mayoclinic.com/health/caring-for-the-elderly/MY01436](http://www.mayoclinic.com/health/caring-for-the-elderly/MY01436)

As their child, you may be scared as well, causing you to miss the signs of diminished capacity. Common reasons adult children do not see the signs include:

- Not wanting to admit a parent is getting older and may be approaching death.
- Fear of having an emotional and/or confrontational conversation with the parent.
- Fear of having to take on the financial, emotional, and social costs of caregiving.
- Fear of not knowing what steps to take next.
- Fear of the impact caregiving will have on their marriage, job, and life.

These fears and concerns are common and valid. Caring for your aging parents takes time. If you are still working and raising a family, this is likely to be time you don't have. Caring for your aging parents may also impact your own financial resources.

If you are reading this book and asking yourself if it is time to step in and help your aging parents, I can assure you that if you are asking that question, the answer is “yes”! It is never too early for a parent or adult child to begin a conversation of “what if,” and to plan for the day when complete independence is no longer a viable option.

### **3. How Do You Know Your Loved One Needs Help?**

As a financial planner to retirees for more than 20 years, on more than one occasion I have asked my clients for permission to speak to their adult children, just like I did with Grace in the story mentioned at the beginning of this chapter. The purpose of those calls was to let their children know that I had reason to be concerned about their parents' abilities. Missed appointments and getting lost on the way to our office are just some of the things that may point to a larger, underlying problem. Forgetting the name of their son-in-law or grandchild may be signs of a larger problem. By getting our clients' children involved, we have helped some of our clients receive testing for, and confirm a diagnosis of, early stage Alzheimer's.

If you are still unsure if it is time to step in, let's help you identify where you are.

Gerontology specialists use two main measures when evaluating whether a person needs outside help and intervention. The first are the Activities of Daily Life mentioned earlier in section 1. If your loved one has problems with the following activities, then intervention is required:

- Incontinence
- Eating, and feeding oneself
- Getting in and out of bed
- Toileting
- Bathing
- Dressing
- Safety

The second list of activities, known as Instrumental or Intermediate Activities of Daily Life, are also essential when living alone:

- Managing finances
- Using the telephone
- Shopping
- Preparing meals
- Housekeeping
- Doing laundry
- Driving or using transportation
- Managing medications

Keep in mind, if your parents cannot maintain all the activities listed, that doesn't necessarily mean they can no longer live independently in their own home; it just means they will require some support in order to do so for the time being.

While it may seem like the inability to do any of these tasks would be easy to spot, remember that it is difficult to notice many of these challenges unless you are living with the person. Simply asking for updates on the phone may not be sufficient as your parents may not want to worry you with the truth if they are having trouble. Acknowledge that as their child, you may not want to hear the truth yet either, as it means you will have to face some potentially scary health information about your loved one, as well as need to step in and take action. As scary as the truth may be, the sooner you know, the better.

Getting an honest picture of how your parents are doing requires a bit of detective work. Here are some things to look for the next time you visit their home:

- Observe how well they are dressed and their personal hygiene, especially when compared to how they typically looked in the past.
- Check the fridge and look into the level of food they keep on hand, and compare that with how frequently they are able to get to the store for more. Is it enough?
- Ask to see where they keep their medication. Compare the number of tablets in each bottle with the date the prescription was filled and ensure it is depleting at the correct rate.
- Make sure bills are being paid by checking for overdue notices, and seeing whether the phone, television, and electricity are all in working order.
- Check on levels of things such as laundry and garbage, and the cleanliness of their clothing, rooms, and bedding.
- Check that major changes haven't happened without you knowing, such as the loss of their driver's license, falls or injuries, or instances of getting lost.
- Ask for details about their social activities and take note of any social withdrawal behavior, such as no longer playing cards with friends or other activities they used to do regularly.
- Take note of any memory issues they exhibit, such as forgetting names of grandchildren or friends during conversation.
- Ask about their health. Sometimes they might not want to burden you with bad news, but if you ask a direct question about any new conditions they might have, or whether they've had to make any recent trips to the doctor, they'll be more likely to tell you.

## **4. Are You Ready to Be a Caregiver?**

Given the likelihood of you or your spouse taking on caregiving responsibilities at some point in the future, it is helpful to consider your readiness in doing so as early as possible. Whether or not the role of caregiver is taken on by choice or out of necessity, one of the most important things to consider and be aware of is the impact such a role will have on your life.

While caregivers can enjoy a great sense of satisfaction and purpose in knowing they are helping a loved one, there are challenges to be aware of including:<sup>5</sup>

- Financial stress
- Loss of social life
- Giving up personal interests due to lack of time or money
- Emotional stress including anxiety, loss of appetite, and depression
- Behavioral stresses such as dealing with challenging family dynamics and loss of privacy

Examining the full scope of a caregiver role is helpful in understanding what you can do ahead of time to prepare. Worksheet 1 can help gauge your readiness and point you towards the questions you need to start asking. (This Worksheet is in the download kit so you can print a copy or complete it on your computer using MS Word or compatible software.)

If your answer is “no” to any of these questions, it is time to take action and start preparing. Fortunately, you have already taken a big step in reading this book. Don’t be afraid. The answers and preparations you need are in your hands right now! Preparation doesn’t need to be overwhelming, and the earlier you start, the better. By following the action plan that comes next, you can do a lot to get ready.

## **5. The Seven-Step Action Plan for Caregivers**

If you are entering into a caregiver role, or simply want to start preparing for the possibility, the following seven-step action plan will help you get started, clarify the steps you need to take, and outline key points you need to explore. Many of these steps are outlined in more detail throughout this book, with additional tools to help you through this process.

1. **Educate yourself about caregiving and the health-care system:**  
Look for books on caregiving in your local library, helpful articles and websites online (there are many), and reach out to other caregivers you may know to get their advice and perspective. Touch base with your local community care action center or community support services to find out what services are available in your community to serve the needs of seniors.

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<sup>5</sup> “Caregiver Compass,” accessed January 20, 2014. “[www.saintelizabeth.com/getmedia/1dd53c40-d187-45e8-bd83-d587efd08b83/Caregiver-Compass-Online.pdf.aspx](http://www.saintelizabeth.com/getmedia/1dd53c40-d187-45e8-bd83-d587efd08b83/Caregiver-Compass-Online.pdf.aspx)”

## **Worksheet 1**

### **Determine Your Readiness to be a Caregiver**

1. Have you acknowledged that there is a high likelihood that you will be required to act as a caregiver one or more times in your life? This may be for an aging parent and possibly a spouse or common-law partner.
2. Do you know what is involved in being a caregiver for someone who requires 24/7 care? Could you list off all the activities and responsibilities involved?
3. Have you built this caregiving role into your financial and retirement plans, knowing that there is a likelihood that it will happen when you are in your own retirement years and that it could last for an extended period of time?
4. Are your own legal and financial documents updated and in order?
5. Are you aware of the costs attached to care, from in-home caregiver fees to the equipment costs and potential home safety and accessibility modifications that may be necessary?
6. Are you aware of the different types of government- and community-based services that exist to help with caregiving? Do you know how to access them and apply for the services?
7. Do you have backup plans in your retirement planning in case you need to leave the workforce earlier than expected to care for a loved one?
8. Have you considered the impact caregiving would have on your social and lifestyle expectations and your own plans for retirement if you are required to take on that role?
9. Have you built in adequate financial plans for your own caregiving requirements during retirement so that when you reach a stage that requires full-time care you will not need to impose any costs on your children or loved ones?
10. Have you discussed caregiving wishes with your parents and spouse so that you feel comfortable that you clearly know their wishes and expectations for care?

Be prepared for the losses your parents may face and how you may have to deal with them, including incontinence, memory loss, wandering, and inability to recognize you or other loved ones. The more you know, the fewer surprises you'll be faced with later.

2. **Get to know the financial and tax support available:** There are many tax benefits and government programs aimed at assisting those in caregiving roles and helping to minimize the financial burden involved. (See section 6. for more information.)
3. **Get organized:** Find the documentation you will need to fulfill this role. This means ensuring your parents' will and power of attorney forms are completed, up to date, and easy to find. Ensure any financial documents related to bills, pensions, insurance, and investments are also up to date and well organized, with key contact information and account numbers provided in case you need assistance.
4. **Stay organized:** Once caregiving begins, create a "Care Binder" (hard copy or via a shared online document) to house all the relevant information you and your family will need to maintain care for your loved one. Fill it with things such as schedules of upcoming appointments, medical information on types of medications and when they'll need refilling, contact information for close neighbors and friends, and notes on any changes you notice in your parent, good or bad, that will be helpful to share with doctors and loved ones. Always take a list of questions and a pen and paper with you to medical appointments so that you can be sure to get all the information you need to adequately care for your loved one. Don't leave the appointment until you have all those answers written down for future reference and clarification.
5. **Communicate:** Ask the questions that will help you understand the true wishes of your aging parents. Before you can truly make plans and budgets, you need to understand what type of care they are hoping for and where. Having realistic discussions about the cost of different facility options is essential. Ensure that all family members are aware of the wishes of the person who will need care, what the plan is, what different stages and related timing are likely to be involved, and that everyone is willing and able to take on their

part in the plan. Make sure all siblings know who is going to be the power of attorney and what that entails.

While communicating, avoid making promises you may not be able to keep. If, for example, your parent asks you to promise to never place him or her in a nursing home, it may be more realistic to tell him or her you'll do the best you can to avoid it, but if health and safety concerns make it the best option down the road, you need the flexibility to do what is best for them.

6. **Create a budget for care:** Research the costs of the different stages of care and ensure that adequate funds will be ready and accessible at those times. Partner with your parent's financial planner to make this happen properly so any delays, surprises, or obstacles will be avoided.
7. **Create a plan to care for the caregiver:** In order to be an effective caregiver, you need to take care of yourself as well. You will need to take breaks to replenish and recharge your physical and emotional energy, so ensure you are building a plan to do so by having other people you can rely on when you need a break, and by making time for activities that you find enjoyable. Taking respite from your caregiving duties will prevent burnout. Enrolling your loved one in an adult day program is one option for respite, as is having someone else come to the home to perform some caregiving duties instead of you (some can be arranged for free by getting a referral by a doctor). For longer breaks, you can pay for your parent to have a short-term stay in a long-term facility.

You will also benefit from talking to other caregivers (in person or in online support groups) to help remind you that you are not alone on this challenging journey.

## 6. Benefits and Tax Supports Available to Caregivers

There are many benefits and tax supports available to caregivers. Read on for more information:

- **Tax credits for caregivers:** In the US, there are some tax credits provided by the government. Some of these benefits include deducting contributions a child made by claiming his or her parent as a dependent. This tax benefit can be used for deducting money a taxpayer paid towards his or her parents'

medical care and expenses. You can find more information by contacting the Internal Revenue Service (IRS) for Publication 502: Medical and Dental Expenses.

In Canada, under the Disability Tax Credit and the Medical Expense Tax Credit, you may be eligible for tax credits. If you are maintaining a home for an eligible dependent relative, you may also be able to claim the Caregiver Tax Credit as well, unless the person is your spouse or common-law partner. As of time of this book's publication, there was also an additional Family Caregiver Tax Credit. More detailed information can be found on the Canada Revenue Agency (CRA) website.

- **Personal emergency leave:** Details for this benefit allowing you to take time off from your job may vary by jurisdiction, so it is best to check with your local government office for more details.
- **Compassionate Care Benefit Program:** This benefit is offered via Service Canada and more detailed information on qualifying and applying can be found on the Service Canada website.
- **Family and medical leave:** This is an unpaid, job-protected leave to provide care for a loved one who faces a life-threatening illness. Details and conditions vary by jurisdiction, so again, it is essential to check with your local government office for specific details.
- **Attendant Care:** You may be able to claim a partial or even full amount for a parent in a full-time nursing home, or the salary you pay to an attendant who cares for a parent in your home.

It's also important to be smart about who claims what when it comes to tax time. Splitting caregiving costs and seeking tax breaks between spouses may have better tax advantages than doing it via one person's tax return. Getting advice from a financial or tax planner on this can help maximize your tax savings.

## 7. Caregiving Will Change Your Life

There are many ways your life will change if you step into the role of caregiver, especially if you assume a caregiving role from within your own home when a parent comes to live with you. Your job, finances, and social life will be impacted. Your ability to travel, your

emotional well-being, and your retirement dreams will be impacted. That sounds like a lot, but know that with good planning, that impact will feel far less overwhelming.

Remember that despite the challenges, there is a great feeling of satisfaction in knowing you are taking care of a loved one and helping him or her make the most of his or her later years in a safe and loving environment.

Another of my cherished clients, Dawn, went through this caregiving process with her mother not so long ago. Her mother was diagnosed with pancreatic cancer, and while many patients with this diagnosis live less than 12 months, Dawn's mother lived another 5 years. Since Dawn was told of the short time frame expected, she willingly took on the full caregiving responsibilities for her mother, assuming that her mother did not have much longer to live.

While her mother enjoyed much better health in years three and four — thanks to remission and pain control — Dawn still experienced a lot of mental and physical fatigue in those five long years. Thankfully she had a very supportive husband who helped keep her from “losing it” or throwing in the towel, and little did they know that all the while, he was learning from her example and would use that knowledge to assist his own ailing mother shortly thereafter.

Finding a healthy balance between the rewards and the challenges can be done with awareness, diligent planning, and preparedness. There is still time to build a solid financial plan that will allow your parents to be taken care of in their home as long as possible, and in the facility of their choice, in the style and manner they wish, when the time eventually comes.

There is still time to ensure that your retirement dreams can come true as well. Most importantly, there's no time like the present to get started. In the next Chapter, we'll discuss how planning starts with *you* and your own retirement readiness.