



# Aging with Confidence: Securing Long-Term Care Solutions

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# How It Begins - This is Where the Family Tends to Start.

## IADLs – Independent Activities of Daily Living

Need assistance managing:



Shopping and Meal Prep



Cleaning



Personal Finances



Transportation



Communication



Medications



# How the Support Progresses

## ADLs – Activities of Daily Living

There are 5 ADLs that are considered as part of the needs assessment for long term care:



Personal Hygiene  
or Grooming



Dressing



Toileting



Transferring or Ambulating



Eating





# What is Long-Term Care?

- Also called nursing homes
- Based on a medical model
- Medium to extensive physical, memory and palliative care
- Wait list dependent, not available for walk-ins
- More appropriate for aggressive behaviours
- Privately and publicly owned





# What is Retirement Living?

- Based on a social model
- Mainly independent living through capitalizing on the bed shortage in LTC and many are now providing physical, memory and palliative care
- Not wait list dependent
- Not appropriate for aggressive behaviours
- Privately owned





# Common Long-Term Care (LTC) Needs

## In-home Care

- Personal Care: Assistance with daily activities
- Medical Care: Skilled nursing services, medication management
- Household Assistance: Cooking, cleaning, chores

## Assisted Living/Retirement Homes

- Personal Care: Similar to in-home care
- Social Activities: Organized events, outings and recreational activities
- Medical Services: Access to healthcare professionals and emergency response systems

## Long-Term Care/Nursing Homes

- Comprehensive Medical Care: 24/7 nursing care, rehabilitation services, specialized medical treatments
- Personal Care: Assistance with all daily activities
- Social and Recreational Activities: Programs designed to engage residents and improve quality of life

# Financial Impact of Aging on Clients

## In-home Care

- Medical and care/support expenses

## Assisted Living/Retirement Homes

- Depletion of Savings: Longer life expectancy can lead to outliving retirement funds
- Investment Risks: Market volatility affecting retirement portfolios

## Insurance Needs

- Health Insurance: Higher premiums and out-of-pocket costs
- Long-term Care Insurance: Costs and benefits of policies to cover long-term care needs

## Income Changes

- Fixed Income: Reliance on pensions, retirement savings
- Part-time Work: Need to additional income

## Estate Planning

- Wills and Trusts: Costs associated with setting up
- Tax Implications: Potential tax liabilities





# Understanding Financial Alternatives for LTC



## Personal Savings

- RRSP
- LIRA
- TFSA
- RRIF
- LIF
- Savings Accounts



## Long-Term Care Insurance

- Policy benefits- covers costs of in-home care, assisted living, and nursing homes
- Premiums: consider purchasing early to lock in lower premiums



## Government Programs

- CPP: Provides disability benefits and retirement income
- OAS: Monthly payments to seniors aged 65 and older
- GIS: Additional income for low income seniors



## Annuities

- Immediate annuities: Provide steady income stream to cover long term care expenses
- Deferred annuities: Grow savings over time and provide future income

# Understanding Financial Alternatives for LTC



## Reverse Mortgages

- Home equity conversion: Convert home equity into cash to pay for long term care
- Eligibility: Typically, available to homeowners aged 55 and older



## Life Insurance

- Hybrid policies: Combine life insurance with long term care benefits
- Accelerated death benefits: Access a portion of the death benefit to cover long term care costs



## Family Support

- Informal caregiving: Family members providing care to reduce costs
- Financial contributions: Family members contributing financially to care expenses

# Estate Planning and Legal Considerations

## Wills and Trusts

- Wills: Legal documents that outline how your assets will be distributed after your death
- Trusts: Financial instruments that holds assets for beneficiaries, with conditions for distribution. Can be living trusts (effective during your lifetime) or testamentary trusts (effective after death)

## Power of Attorney (POA)

- Financial POA: Designates someone to manage your financial affairs if you become incapacitated
- Healthcare POA: Appoints someone to make medical and care decisions on your behalf

## Estate Taxes

- Federal and Provincial Taxes: understand potential liabilities on your estate – possible taxes on deemed disposition
- Tax Planning: strategies to minimize taxes, such as using trusts and charitable donations



# Avoiding the Conversation - The Rationale Behind the Excuse

More often than not, individual investors are uninformed, incorrectly informed or in denial about the risks of not planning ahead of a health crisis and age-related issues. Some common rationales are:

- Lacking a sense of urgency or current reality
- Thinking 'Nothing's going to happen to me, it all happens to the other person'
- Losing of independence
- Lacking self-awareness
- Having fear
- Lacking trust



# How Advisors Can Start the Conversation

I know you love your family and want to make sure you provide for them. **You've done that all your life. Right?**

If you were unable to make financial decisions for yourself, what would that look like? **Can we write down some thoughts?**

# How Advisors Can Start the Conversation

You've worked so hard during your lifetime to save and invest for your goals. Now, let's give it the attention it deserve. **Does that sound fair?**

Planning for any type of risk, whether it is financial, health or longevity, is easiest when it's not done under stress or crisis. **Do you agree?**

# How Advisors Can Start the Conversation

Can we set aside a bit of time to talk about longevity risk?  
I don't want you to outlive your money. **Does that keep you up at night?**

Can we talk about your plan for aging and care? **Do you think your kids worry about what the plan is and their role in it?**

# How Advisors Can Start the Conversation

I get it. This is emotional. No one wants to feel helpless or lose independence. Let's talk about some decisions now while you are not faced with a crisis. **Is that ok?**

Let me help with the conversation, since it is helpful to discuss the expense and importance of healthcare planning. I think one of the most important gifts you can give your loved ones is peace of mind. **Do you think that's a great gift your kids would love?**



# Creating a Comprehensive Plan for Aging Clients in Canada

## 1

### Assess Current Situation

- Health Status: Evaluate physical, mental and emotional health
- Living Arrangements: Review current housing and its suitability for aging in place
- Financial Status: Analyze income, savings, and potential future expenses

## 2

### Identify Needs and Goals

- Healthcare Needs: Determine immediate and long-term health care requirements
- Lifestyle Goals: Establish personal goals for social, recreational and daily activities
- Financial Goals: Set financial objectives for retirement and long-term care

# Creating a Comprehensive Plan for Aging Clients in Canada

## 3

### Explore Financial Alternatives

- Government Programs: Utilize CPP, OAS, and GIS for financial support
- Insurance Options: Consider long-term care insurance and life insurance with long term care benefits
- Savings and Investments: Use RRSP, TFSA, and other investment vehicles to save

## 4

### Develop a Care Plan

- In-home Care: Plan for personal care, medical services, and household assistance
- Assisted Living and Nursing Homes: Research and select appropriate facilities
- Community Resources: Leverage local services and support networks

# Creating a Comprehensive Plan for Aging Clients in Canada

## 5

### Legal and Estate Planning

- Wills and Trusts: Create or update legal documents to manage assets and ensure wishes are followed
- Power of Attorney: Designate individuals to make financial and healthcare decisions if incapacitated
- Advance Directives: Prepare living wills and healthcare proxies to outline medical preferences

## 6

### Implement and Monitor the Plan

- Action Steps: Execute the plan with clear actionable steps
- Regular Reviews: Periodically review and adjust the plan to reflect the changes in health, finances and personal goals
- Professional Guidance: Consult with financial advisors, estate planners, and healthcare professionals



## Case Study

*Mr. and Mrs. Johnson*

### BACKGROUND

- Living situation: Own their home in Toronto, mortgage free
- Health status: Mr. Johnson (70) has early stage dementia. Mrs. Johnson (68) has arthritis

### FINANCIAL SITUATION

**\$600,000**  
in RRSPs

**\$200,000**  
in TFSAs

**\$3000/month**  
Combined CPP  
and OAS benefits

**\$1500/month**  
Mr. Johnson's  
company pension

### CHALLENGES

- Healthcare Costs: Increasing medical expenses and potential long-term care needs
- Asset Protection: Ensuring that their savings last through retirement and cover care costs
- Estate Planning: Managing their estate to minimize taxes and ensure their wishes are followed

# Case Study

## *Strategies Implemented*



### HEALTHCARE PLANNING

- Long-term Care Insurance: Purchased a policy early to cover potential in-home care /assisted living costs
- Health Savings: Allocated a portion of their TFSA for future medical expenses

### INCOME MANAGEMENT

- Annuities: invested in deferred annuity to provide additional income starting at age 75
- CPP and OAS: Maximize benefits by delaying cpp and oas until age 70

### ASSET PROTECTION

- Family Trust: Established a family trust to protect assets and manage distribution to beneficiaries
- Reverse Mortgage: Discussed it as possible strategy to access home equity if need for care costs

### ESTATE PLANNING

- Wills and Trusts: Updated wills and created testamentary trusts to manage and distribute assets according to their wishes
- Power of Attorney: Designated their daughter as the financial and healthcare power of attorney

### REGULAR REVIEWS

- Annual Check ups: Conducted annual reviews
- Family meetings: Held regular family meetings to discuss care plans and financial decisions

# Q & A



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