

# TAKING CONTROL OF AGING PARENTS' NEEDS

AS THE POPULATION CONTINUES TO AGE, ADULT CHILDREN NEED TO PLAY A CRITICAL ROLE IN HANDLING THEIR ELDERLY PARENTS' FINANCIAL AND HEALTH-RELATED NEEDS



Susan Howson, director and portfolio manager, Mackie Research Capital Corp.

## Can having adult children in charge of their parents' investments be awkward for an advisor?

Children may say, "You have mom in 70 per cent equities at 80 years of age. That is not appropriate." Well, it is because your mother wanted to build an estate. Your mother was aware of inflation and wanted to stay ahead of it and was very comfortable with this asset mix. The reality is Alzheimer's disease is not a death notice. The parent can live well into their 90s with increased financial expenses – and a good advisor will have planned for that.

## Where should people start in getting a power of attorney for health and finances, updating or creating a will and finding long-term care?

I had a perfect case a year ago. The daughter lived out west. Mom decided she needed to move into a retirement home. The daughter helped with the move and it became quite evident the mother had not been managing well. The daughter called me for a meeting and because they were both there, I could share the finances – that there was sufficient money and how it was being managed. Then, when it really became time to trigger the power of attorney, the daughter was quite aware of how everything was managed. That was ideal.

## How have you changed your business model to deal with rising number of elderly clients?

I have repositioned most of my clients into discretionary managed, fee-based accounts. This structure acts as an insurance policy as clients get older. We set up a conversation to discuss their requirements. I then manage their money accordingly to ensure they have the income they need and don't have to make decisions as to buying or selling securities. This takes that pressure away from them and also means that if they become ill or not capable of managing their money, there is no immediate pressure for the family to do so.

More and more middle-aged Canadians are making the difficult transition to becoming caregivers for their elderly parents, who require an increasing amount of attention.

For people in this position, the challenges can be significant, says Susan Howson, director and portfolio manager at Toronto-based Mackie Research Capital Corp.

Namely, the financial stakes are increasing as costly diseases such as Alzheimer's are on the rise, the price of long-term care continues to increase and public or private health plans don't cover many drugs and therapies.

Ms. Howson discusses the evolving needs of the aging demographic and the role that families play in the process, as elderly parents require more help in financial and health-related matters.

**What are the first warning signs adult children should look for that they may need to "step up" and become more involved in their parents' day-to-day affairs?** There can be definite signs. If the children are out of town and talk to their parents on the phone, they should listen for things such as repetition and if the parents

forget things they would usually remember, such as anniversary dates and names of close friends. For children who visit their parents, look to see if their house is not as clean as it usually is, if their mail is unopened or unpaid bills are piling up and if their clothing has holes in it or is dirty. If the parents drive, look to see if the car has dings and scratches on it.

## What steps should adult children take if they see a decline in their parent's physical or mental health?

They should let their parent's financial advisor know. They need to monitor the situation and see how bad it is. This situation can be tricky because you need to bring in a doctor to determine what level the parent is at – and trying to get a parent to go to the doctor can be difficult.

## Canadians are generally reluctant to talk about their finances. Is it any different with the elderly?

People in that age group don't talk about money – particularly with their families. Generally, the children have absolutely no idea about the extent of their parents' finances. Where the conversation starts for me is when I ask, "Do you have you a will and a power

of attorney?" At that point, they usually start to talk about their children. By then, I have a sense whom in the family or which friend may call me.

## How do you handle the delicate situations in which you have an elderly client in physical and mental decline?

It can be difficult because everyone can have an off day. But I know my clients, how they sound, respond, so I listen to things that may appear to be off and make the appropriate judgment call. If there's something that's bothering me, I'll communicate with that client's trusted contact person, let them know something doesn't seem quite right and ask them to check it out.

## In cases in which adult children are suddenly in charge of an elderly parent's care and finances, what issues tend to come up?

Sometimes, children go to their parent's advisor and say, "We have the power of attorney and we are going to take over the finances." The problem is they have no history, they have no sense of how the money has been managed for the parent – and they are looking at everything from their own point of view.