



Canadians are living longer in retirement – Prepare for your long-term health care



What are you doing after work?®



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PEOPLE ARE LIVING LONGER

People around the world are living longer, and that means they're spending longer in retirement. They're vacationing, taking up hobbies, working part-time, volunteering and spending more time with family.

Our health, and hence our lifestyles, changes dramatically in our 70s, 80s, 90s and beyond, and the retirement you're envisioning may not become a reality. Most of us will experience health challenges that will increase our expenses – be they from illness or simply from age. Expenses may be higher because of the need for in-home care or to transition to an assisted living residence.

While making sure we have enough invested to sustain our current lifestyle in retirement is crucial, it is becoming increasingly apparent that we need to properly plan for issues that will arise as we age and our health declines, including those of housing, finances and family.



HEALTH TRENDS

With a greater length of time spent in retirement comes a greater likelihood of experiencing declining health. Health in general typically declines as we age; meanwhile, chronic conditions take a greater toll on the body and injuries such as falls become more commonplace and cause greater damage. Independence can be threatened. Mobility and function can be limited.



Many people already understand the need to proactively prepare for emergencies during their working years, but are just now realizing the need to do the same during their retirement years.

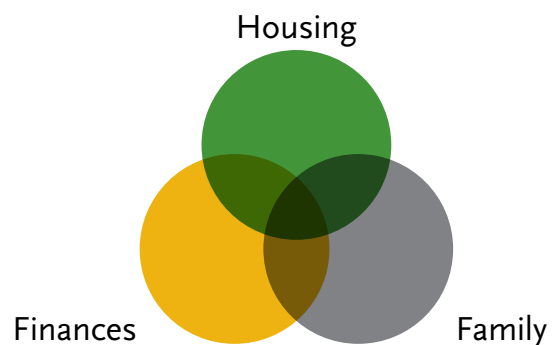
Society may be facing an Alzheimer's and dementia boom. One in eight people over age 65 currently suffer from Alzheimer's in the United States¹; by 2050, nearly 16 million Americans could be living with Alzheimer's if no cure is found. Alzheimer's, a slow moving, unpredictable disease, damages nerve cells in the brain, obliterating memories, thinking skills and the ability to complete daily living tasks.

Meanwhile, the risk of developing dementia doubles every five years after age 60, with 20% of seniors over age 80 afflicted. In addition, another 30% of seniors over age 80 will suffer from cognitive impairment not dementia (CIND), indicating lost capacity on some level, making it difficult for them to make important financial decisions.

Canadians must proactively look at all the realities of retirement, and discuss the issues with their financial advisors and their families, well before the issues surrounding aging become a concern.

Health issues have widespread implications

With the greater likelihood of health issues in senior years comes implications for often intertwined issues of housing, finances and family.



WARNING: FUNDING GAP ON THE HORIZON

A 2014 study conducted for Sun Life Financial Canada by Ipsos Reid² suggests that two-thirds of Canadians say the biggest concern they have as they get older is their health, but fewer than one-quarter of them have planned or saved for health care costs in retirement.

1. Sources: U.S. Census Bureau, Alzheimer's Association.
2. Sun Life Financial Canada, *Sun Life Canadian Health Index survey*, 2014.



HOUSING

There's a major misconception in Canada: that people will retire and continue to live comfortably in their paid-off home, in great health and with minimal living expenses. When we think about retirement, we often think of the early years, when we are more likely in relatively good health, and not the advanced retirement years, when we're more likely to have experienced a health crisis that will affect our ability to live independently.



Housing will account for some of the most significant changes in your life as you age. Will you rent? Own? Downsize? Upsize to bring in a caregiver? Move in with your family? Move to an assisted living facility?

A 2012 report by Canada Housing and Mortgage Corporation (CMHC)³ says that a majority of older Canadians, defined as those over age 55, are financially secure with stable incomes and mortgage-free homes. Approximately 85% of older Canadians would prefer to stay in their homes as they get older. However, the report suggests that as Canadians age, we'll most likely require renovations to our homes, need to move to a pedestrian-friendly urban area or to a low-rise apartment to do away with property maintenance worries, or move in with a family member or to some form of assisted living facility.

OLDER CANADIANS AND HOUSING⁴

- Pre-seniors (those aged 55 to 64) made up 11.6% of the population in 2006 and are projected to account for a similar percentage (11.4%) in 2036. In 2006, 56.2% of those who lived in their own homes were mortgage-free.
- Younger seniors (those aged 65 to 74) made up 7.2% of the population in 2006 and are projected to account for 11.0% in 2036. In 2006, 75.8% of those who lived in their own homes were mortgage-free.

- Older seniors (those aged 75 to 84) made up 4.8% of the population in 2006 and are projected to account for 8.8% in 2036. Home-ownership is lower for this group (67.9%), but a larger proportion of these households are mortgage-free (86.3%). Only a little over half (50.6%) still live in single-detached homes and almost a fifth (19.8%) live in apartments in buildings less than five stories high.
- Eldest seniors (those aged 85 and older) made up 1.6% of the population in 2006 and are projected to account for 3.8% in 2036. A large proportion of this age group will not be living in private households, either as homeowners or renters, but rather in special care facilities or hospitals.

The plain truth is, the longer you live, the less likely you'll spend your entire retirement in a mortgage-free home. Housing may, in fact, be the largest expense you have in retirement. A 2012 survey of U.S. consumers⁵ revealed that on average, 36% of retirement income is going toward housing costs. Hence, it's critical to discuss your options with your family well before any crisis occurs in order to avoid rash decisions.

3. Source: "Housing for Older Canadians – The Definitive Guide to the Over 55 Market. Volume 1, Understanding the Market." Canada Housing and Mortgage Corporation, 2012.

4. Ibid.

5. Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, September 25, 2015.



FINANCES

Today, the average woman retiring at age 65 can expect to live another 19.9 years, while a 65-year-old man has an average life expectancy of 16.1 years. Financing these years is becoming more and more difficult. Provincial health care coverage will benefit many of us, but over the long term it may not be enough to cover the additional costs of prescriptions or home care required simply due to aging.



Add to that the likelihood of a chronic or acute illness that negatively affects quality of life, which can contribute to a decline in function and loss of the ability to live independently in your own home. If the decision is made for you to stay at home, a number of financial considerations should be factored in, including:

- Home health services (see Home Health Options, page 10)
- Food preparation/delivery
- Home safety, security, medical alert monitoring systems
- Internal home services – housekeeping, cleaning services
- External home services – snow removal, gardening, home maintenance
- Transportation – to health care facilities, banks, grocery stores
- Memory loss assistance
- Property taxes

While you stay in your own home, you may need to renovate to equip bathrooms with grab bars, add shower benches, modify the shower entry, or even accommodate wheelchair access and a first-floor master suite. Costs will vary and can be significant.

For example, consider these possible expenses:

- Electric hospital bed – \$3,000-\$5,000
- Monitored medication dispensing machine – \$800
- Bath lift – \$1,200
- Walker – \$100-\$450
- Ramps – \$200-\$8,000
- Scooter – \$2,400-\$5,000

With proper planning, you can have contractors in place, ready to go, as home renovations become necessary. Here it may be necessary to have family involvement to ensure contractors are properly vetted.

If you must move to an assisted living facility, be aware that public facilities can have long waiting lists, while private facilities can cost between \$2,000 and \$10,000 each month. Again, early, advance preparation can take pressure off decision-makers.

Driving and transportation are also important factors to consider. While healthy, you can keep costs down by driving yourself to your doctor's visits; as you get older, you may need to pay for taxis or other drivers, which can be more costly, or rely on family.



HOME HEALTH OPTIONS

Home care services can perform light household duties such as laundry, meal preparation, general housekeeping and shopping. Their services are directed at maintaining your household, rather than providing hands-on assistance with personal care.

Home health aides can help you with daily living activities, such as getting out of bed, bathing, getting dressed and making a meal. Some have special training and are qualified to provide more complex services under the supervision of a nursing professional.

Visiting nurses provide skilled care depending on your medical condition and required course of treatment. Various types of care can be provided.

A hospital may incorporate social services in your care, assigning a social worker if additional support is recommended after a hospital stay. A social worker can help you navigate processes and paperwork to request services or provide assistance with locating support groups.

You or your family may contract with a private service providing **geriatric care managers**. The care manager schedules appointments and interacts with health care providers and insurers. They will continue to monitor all of these services to ensure you receive the appropriate care.



Adult day services support caregivers who need a break and provide you with somewhere to go if you need safe, appropriate care in a friendly environment. Adult day care is a summary term for three different types of daytime services:

1. activities and crafts;
2. social activities with skilled services from nurses, therapists, social workers, etc.; and
3. services specifically designed to support and care for Alzheimer’s patients. The staff may monitor your medications, serve you snacks and hot meals, perform physical or occupational therapy, and arrange social activities.

Companion care services refer to non-medical staff hired by the hour to provide companionship and comfort to people who, for medical and/or safety reasons, cannot be left at home alone. Most companions provide a sitter service, although some may assist you with household tasks.

Personal care workers hired through an agency or privately can cost \$20 to \$30 per hour, with some

agencies offering lower rates if more hours are booked. Registered nurses cost \$40 to \$69 per hour. A full-time, live-in caregiver can cost \$1,900 to \$3,500 a month, plus room and board.

If you require full-time care, 24 hours a day, you may require two or three full-time caregivers. Provincial labour laws dictate maximum daily hours of work, overtime pay and time off.

There are other support programs that can help, too. In some cases, support workers can come directly to your home but are limited in the amount of time they can spend with you. In Ontario, for example, Community Care Access Centre (CCAC) can provide you with support workers on a daily basis up to three hours a day or 90 hours a month. While helpful, there would still be a great burden remaining for your family to carry.

Should you become unable to manage in your own home, you may have to move to an assisted care facility. The often long waiting lists of public care facilities can put a great burden on you and your family, depending on the type of care you require.

SAMPLE COSTS OF PUBLIC LONG-TERM CARE FACILITIES IN ONTARIO (2014)

TYPE OF ACCOMMODATION	DAILY RATE	MONTHLY RATE
Long-stay Basic	\$56.93	\$1,731.62
Long-stay Semi-private	\$67.93	\$2,066.21
Long-stay Private	\$80.18	\$2,438.81
Short-stay	\$36.85	n/a

SOURCE: Ontario.ca/health-and-wellness/find-long-term-care-home 2015



ASSISTED CARE OPTIONS

	ACTIVE ADULT LIVING	INDEPENDENT LIVING	ASSISTED LIVING
WHO IS IT FOR?	<p>55+ baby boomers. Ideal for healthy, active adults beginning their retirement who want accommodation and services in a secure environment with a community of peers. These residents usually do not require assistance with day-to-day activities. These purpose-built houses or apartments in planned or gated communities are restricted to seniors. Many include golf courses, art studios and similar hobbies.</p>	<p>Independent older adults. Ideal for seniors who want to live in a community of people their age with similar interests, and have all of their daily tasks taken care of. These residents are in good physical and cognitive health and need only some light assistance with tasks such as laundry, transportation and meals.</p>	<p>Seniors needing a little assistance. Ideal for residents of all ages with some limitations in physical/cognitive health, assisted living communities are designed for residents requiring on-site assistance with personal care, mobility, medication management and support.</p>
IS CARE PROVIDED?	<p>No care provided. Off-site home care and support available for additional fees.</p>	<p>Meals and housekeeping typically included with little to no health care. Off-site home care and support available for additional fees.</p>	<p>Daily support and personal care, meals and medication assistance included. Additional companionship care may come at an extra cost.</p>



LONG-TERM CARE	HOME CARE
<p>Seniors requiring 24-hour care. Intended for seniors requiring access to 24-hour care and daily support services for physical and/or cognitive conditions, as deemed eligible by social service agencies. A wide range of care and different levels of service, including for Alzheimer’s and dementia, make this an ideal community for a wide variety of people.</p>	<p>When extra care is needed at home or in a retirement community. Ideal for individuals who want to remain at home with assistance from a home care agency, including the chronically ill, or people recovering from illness or surgery. Agencies usually charge an hourly fee to provide a range of medical and non-medical services for personal care, homemaking, meal preparation, transportation and social support.</p>
<p>All-inclusive 24-hour care and support. Personal care, hygiene, and administration of any medicines. Routine doctor checkups may also be included. Additional companionship care may come at an extra cost.</p>	<p>Any type of home support (housekeeping, meal preparation), personal support (hygiene), companionship or medicine administration may be available at various costs.</p>

When evaluating different care facilities, ask:

- Does the facility meet provincial standards?
- What accreditation does the facility have?
- Does it offer a written service policy?
- Do residents seem happy?
- Do residents appear content with the staff and the facility?
- How many staff members are on hand and what is the general attitude they express?
- Is the facility well designed for contemporary senior care needs?
- Does the facility allow pets?
- Do residents have a choice of when and/or where to eat?
- Is the community clean and well kept?
- What recreational programs are available? Are they appealing to you?

Keep in mind that you can only have this discussion and do the necessary research for educated decisions when you’re well enough – delaying may mean decisions will be made on your behalf when you’re in a crisis situation.

FAMILY

Beyond housing and the often-related financial considerations, the impact on your family could be significant.

Families must prepare properly for your potential health and home care needs if you stay in your home, including who will be responsible for looking after you. This may include having you monitored on a daily basis and taking you to appointments.

Often it is assumed that the family member living closest to you will be responsible for providing transportation to medical appointments and running errands, but this should be proactively discussed. If you don't live near family members or close friends, though, you must consider how you will get around once you can no longer drive. Family members who live farther away can still assist you; a lot of help can be given over the phone.

Periodically, family members should work together to prepare a list of all the caregiving tasks that are currently required. Then, they can decide which tasks can be done from a distance or during a regularly scheduled visit. Encourage your family members to choose tasks to be responsible for and to check in regularly with each other about your care.



Your ongoing monitoring

If you decide to stay at home, you will need someone to assess the safety risks in your home on a regular basis. They should conduct initial and regular assessments of your ability to manage your physical home environment. They should also look into the process for acquiring safety equipment and reconfiguring the home environment based on your needs. In addition, they should regularly assess your (and your caregivers') ability to properly use physical home supports, monitor your safety equipment and resolve any issues that come up.

Family members should begin to communicate and discuss changes to your wellness with a broader health care team on a regular basis and share responsibility for adjusting the care plan accordingly, including changes to medication. This team can include a variety of individuals:

- Home care providers
- Community care providers
- Specialists
- Allied health care professionals
- Community pharmacist

Encourage your family members and caregivers to create a positive environment where you feel you can discuss your needs and concerns, be heard and appreciated, and be communicated with effectively. This includes sharing with you information about any illness you acquire and what it could mean.



It will also help them follow your care plans and monitor any symptoms. By monitoring these functions, they can help ensure your ability to continue to live independently in your own home.

You and your family members should discuss everything from whether you stay at home or move to an assisted care facility, to how you will pay for it, as early as possible. Family members should be made aware that they could be called upon to help cover any shortfall in your finances to pay for home care or assisted living. Depending on your health, the financial – and emotional – burden on them could be great.

You should also discuss a Power of Attorney for health, which will assist your caregivers in carrying out your wishes regarding your health care in the event you cannot make your wishes clear. Do this early too, as it can be much more difficult to obtain if you have started to show any signs of diminished mental capacity, including suspicion of Alzheimer's.

Discussing when to move

Any move from your family home will be significant. You may want your family's input into evaluating such a move, but ensure you value your own preferences. Understanding what is most important to you is crucial, whether it's maintaining current social ties, how far away your doctors are, or access to hobbies you enjoy. When you involve your family members, you can move forward together. Unless

your immediate health or safety is at risk, you might want to be the one making the decision on when to move, rather than a family member.

If, however, your family member (or designated beneficiary) concludes that your safety is at risk as a result of living without support, they can decide to consult your primary doctor, other friends and family, or other professionals to assist in having a conversation with you about moving to an assisted care facility.

In advance of this discussion, you and your family should give some thought to:

- Researching and comparing the various options and the issues surrounding each
- Creating a Power of Attorney for financial decisions and one for health care
- Researching waiting list times and procedures, and how your family can manage your care between the time it's determined you should transition to an assisted care facility and when the transition will actually take place
- Looking into financial tax credits and ways to minimize expenses, be they for a caregiver, eligible care costs or even home renovation costs for age-related disabilities

PREVENTIVE MEASURES



Know someone younger than 40?
Encourage them to:

- Start insurance planning – it's cheaper when they're younger
- Obtain a family doctor
- Start having their blood pressure checked at least every two years
- Commit to proactive health care, including eating right, exercising regularly, getting enough sleep, not smoking, drinking alcohol only in moderation, and wearing a seat belt
- Find out about company health coverage – some companies encourage healthy living, such as by providing gym memberships
- Start an emergency fund, even if small



Know someone in their 40s? Encourage them to:

- Continue – or get started – with proactive health care
- Ask their doctor to recommend the needed routine exams, screening procedures and immunizations they should have in their 40s – and follow through
- Book annual physicals to help identify and resolve common age-related issues like skin cancer from years of UV rays, colon cancer or eye care problems
- Learn the signs of a heart attack
- Look into long-term care and long-term care insurance
- Find out about their family's medical history, and share it with their family doctor

Preparing for the initial discussion around aging

When you're ready to start talking with your family about the issues surrounding aging, use all the resources available — including your financial advisor — to ensure you ask and answer the important questions. Your advisor can also suggest ways to initiate this sometimes uncomfortable discussion.

NEXT STEPS

1. Talk with your financial advisor.
2. Make an appointment with your family doctor and other health care providers to get a clear idea of your current health.
3. Start an open dialogue with your family, and proactively plan out some of the important decisions.
4. Research your health care options and how to go about preparing for them.

Remember, you are not alone. There are a number of resources available; contact your provincial health care facilities for more information.





Aging can be a difficult time, but there is help. AGF has useful resources to help you prepare for and have difficult discussions with your family members. To find out more, speak with your financial advisor.



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