



DOLLARS AND SENSE

A good financial plan helps you consider what you want your future to look like, makes achieving your goals possible and helps you live through unexpected changes with more confidence. Financial planning can also help answer a number of questions, including how much you have to spend and what kind of services and accommodation you can afford.

Planning ahead financially supports decision-making

By Paula Price, RN, PhD

There is no single “best solution” for planning how and where you will be living in the future. However, information is available and a number of professional services can help you with the planning process. This article offers more specific information on some of the costs associated with changes in your living arrangements that may be helpful to you as you plan ahead financially for your future.

The financial planning process

As we age, our ability to earn income changes. This makes decisions about how to best use our financial resources even more important. We may also experience changes in our health status as we age that require a change in our living arrangements. This may involve a decision to bring services into the home, or to move into an assisted living or long-term care facility. With an effective financial plan, seniors can feel confident they'll have the resources to support a change in living accommodation.

Financial planning is a specific form of planning that can help you feel more confident and secure about your future plans and options, and is not just for the wealthy. Financial planning can benefit everyone, including individuals on limited fixed incomes and those who are well into their retirement years.



If you are on a limited fixed income, the planning process won't change your income per se, but it can help you identify priorities and consider possible alternative living and care arrangements that you may not have been aware of. Even with the stress of illness, committing even a small amount of time now will make future decisions easier for everyone. The planning process can also benefit individuals who are well into their retirement years. It goes without saying that the more time you have to prepare for your retirement future, the more options you'll have available. However, even if you begin planning after you retire, you can still gain control over your situation.

“I have enough money to last me the rest of my life, unless I buy something.”

Jackie Mason

Financial assessment

Completing a financial assessment allows you to get a realistic and clear picture of your current and future financial resources. This involves reviewing your current and anticipated future expenses, income, assets, investments and taxes. The more detail you consider, the more realistic you will be.

You may want to consult with a financial planning professional for advice on ways to maximize your current income and assets. There are a number of financial products to consider in order to make the best of your current income and assets for your future. You may want to consider things such as reverse annuity mortgages, the Canadian Home Income Plan (CHIP), critical-illness and long-term care insurance, and a relatively new annuity product called the nursing care income plan.

Current expenses

Calculating expenses includes looking at costs that are both fixed and variable. Fixed expenses include items that you tend to pay on the same day each month, such as rent or mortgage payments, phone bills, insurance premiums, loan or credit card payments and taxes. Variable expenses are items that can vary from month to month and over which you have some control. These include food, clothing, transportation, vacations, gifts and miscellaneous items. You can calculate your actual expenses by reviewing your cancelled cheques, receipts and credit card and bank statements.

Future expenses

It is often difficult to anticipate all the possibilities in our future. Experts suggest that most of us will encounter four stages of independence as we enter our more senior years: no assistance, minimal assistance, moderate assistance and maximum assistance. Highlighted here are some ideas about the options and associated costs for living accommodation that you may want to consider as you work through your financial planning process.

No assistance

This stage may represent your current living

arrangement in your own home or apartment and does not involve any additional costs. However, if you are considering moving to a retirement residence, you may want to research the availability and associated costs at this point in the planning process. Rates for retirement residences range from \$1,000 to \$10,000 per month, plus extra costs for meals, laundry or assistance with personal care.

Minimal assistance

At this stage you need some assistance with general household tasks and errands. You may have family or friends who will help with this at no added cost. There are also a number of companies that provide the services of a personal support worker (PSW), whom you can hire to help with these tasks. The average cost for these services from a Toronto agency I work for is approximately \$22 per hour. In other parts of the country, costs may vary.

Moderate assistance

At this stage you require regularly scheduled assistance. Again, if you wish to remain in your home you may still have family and friends who can help, but people often require some additional outside services. The costs can again be calculated as mentioned above.

For those who do not want to stay in their home, this is the time to research the availability and associated costs of moving into an assisted living facility. This accommodation is provided privately, so you are responsible for the full costs. When considering this option it is important to ensure that you receive a detailed list of all the standard and extra costs associated with the facility so you can include this in your planning process. Monthly charges for accommodation and meals can start at \$2,000 per month.

Maximum assistance

At this stage you require full-time live-in help or long-term care placement. If you want to stay in your own home, depending on your needs, you may want to find out the costs for both live-in assistance and live-out hourly assistance. In addition, look at the costs of other healthcare providers such as nurses, physicians, nutritionists and physiotherapists.



Again, there are a number of companies you can contact for more specific information on the services available and associated costs. The average cost for a live-in caregiver in Toronto is approximately \$200 per day. Costs in other locations may vary.

Live-in or long-term care

The government has a program for hiring your own live-in caregiver. Recent changes to Immigration Canada's Foreign Live-in Caregiver Program (LCP) require that families pay for all travel costs (including airfare), medical insurance, worker's compensation premiums and employee recruitment costs. While these changes were aimed at improving conditions for workers, they have increased the burden on families, with a subsequent significant decrease in the number of families using the program.

Calculating expenses includes looking at costs that are both fixed and variable.

"Long-term care facilities" include any nursing home, charitable home or municipal home funded by the Ministry of Health and Long-Term Care. In Ontario, the rate for these facilities includes round-the-clock nursing care, accommodation, meals, assistance with personal care and feeding, and dispensing medications. The rates for these facilities are established by the province. In Ontario, the current co-pay rates are \$1,619 per month for basic accommodation, \$1,862 per month for semi-private accommodation and \$2,166 per month for private accommodation.

The services and costs for long-term care vary greatly across the country. All provinces set different minimum and maximum costs, and have unique ways of determining the minimum and maximum cost that will be charged to each individual based on their income. In Newfoundland and Labrador the maximum cost is \$2,800 per month regardless of the type of accommodation, while British Columbia has the highest maximum cost of \$2,932 per month. And in terms of minimum

costs, both Prince Edward Island and New Brunswick have the lowest minimum cost charged to an individual of \$0 per month.

In addition to government-subsidized long-term care facilities, non-government-funded private facilities also provide long-term care. These facilities are for profit, so the rates will vary depending on the facility and the services required. Prices can start at \$2,900 per month and go up from there.

While most long-term care facilities provide a range of services, not all facilities provide the same additional services such as recreational, exercise and creative programs. It is important to research the minimum staffing ratios and a list of the standard and extra services available—as well as associated costs—so that you are comparing the same services when considering the costs of different facilities.

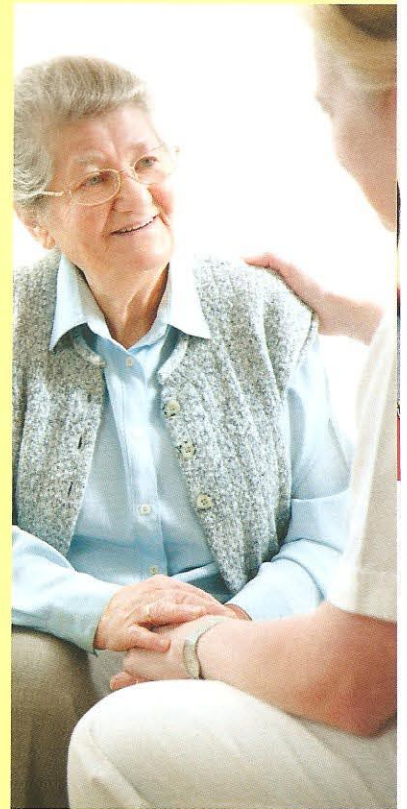
Additional services

Regardless of which long-term care facility you are interested in, if you want or need more personalized services—such as someone to individually assist you with meals and personal care, or help you get to social activities on your preferred schedule rather than the schedule of the facility—you may want to consider building in costs for a PSW when estimating the costs of long-term care.

How you want to live

The financial planning process provides essential information to help with your decision making about how you want to live during your more senior years. The four stages of independence presented above should give you some structure with which to think about your future. It is important to identify the research you need to complete now to determine both the availability and cost of the various living arrangements you prefer, and make decisions around your needs and preferences. ●

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Money saving tips

- 1. Reduce expenses.** Turn off extra lights. Review your long distance, cable and Internet plans. Clip coupons.
- 2. No more credit.** Pay with cash and be sure to make credit card payments on time to avoid paying interest.
- 3. Change payment times.** Match the timing of bill payments with pension cheques for better cash flow.
- 4. Ask for help.** Contact a family member or financial advisor for assistance.