

FROM YOUR ADVISOR

Start a family conversation about elder care

BY David Wm. Brown and Sarah Brown February 27, 2015



Starting a conversation about someone's age is a sure way to be the least popular person in the room. But while this is a no-go territory for cocktail party chatter, it's a conversation you need to have with your parents.

Statistics Canada tells us that in 2007, people aged 45 to 64 paid for 75% of elder care. And now, a new generation is realizing that when their parents need long-term care, they'll be called upon to fund it.

There might even be a legal requirement for you to take care of your parents' long-term care expenses. In fact, Section 32 of the Family Law Act of Ontario states, "Every child who is not a minor has an obligation to provide support, in accordance with need, for his or her parent who has cared for or provided support for the child, to the extent that the child is capable of doing so." In other words, children have to support their parents if they are in need and/or if their parents supported them earlier in life.

Although these types of laws have rarely been enforced, a Pennsylvania court ruling in 2012 proved they could be. The Pennsylvania Superior Court upheld a lower court decision, which made an adult son responsible for his mother's \$93,000 nursing home bill. The court ruled the State did not have to consider the women's other possible sources of payment, including her husband and two other adult children.

This U.S. ruling probably won't lead to an increase of cases where adult children are sued to pay for their parents' nursing care. But the case still offers a lesson for Canadians.

So what must you do? You could encourage your parents to purchase annuities. Or, if you can afford to pay the premiums for your parents' long-term care insurance, you should consider doing so, in hopes that it'll be cheaper than covering their bills in future. If a 65-year-old male, who pays \$285 monthly, makes a claim for care at age 80, he will have paid about \$51,300 in premiums. Without the policy, \$51,300 would pay for 17 months' worth of care at \$3,000 per month. With the policy, \$3,000 will be provided monthly for the rest of his life. Assuming the male lives longer than another 1.5 years, the insurance will have been worth it.

Regardless of who is paying, it's critical for you to sit down with your parents and siblings, and discuss the positive and negative effects of longevity before it triggers a family dispute.

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