



The Tax-Free Interest Plus™ savings account is here! Sign up today! It's a new day! Start saving tax-free. President's Choice FINANCIAL

HOME NATIONAL WORLD REPORT ON BUSINESS SPORTS OPINIONS ARTS TECHNOLOGY LIFE BOOKS MARKETPLACE FOOD & WINE FAMILY & RELATIONSHIPS WORK TRAVEL HEALTH STYLE DEATHS

The parent trap

More and more adults are having to give financial support to their parents. With retirement investments hurt by the recession, things are sure to get tighter

Article | Comments (72)

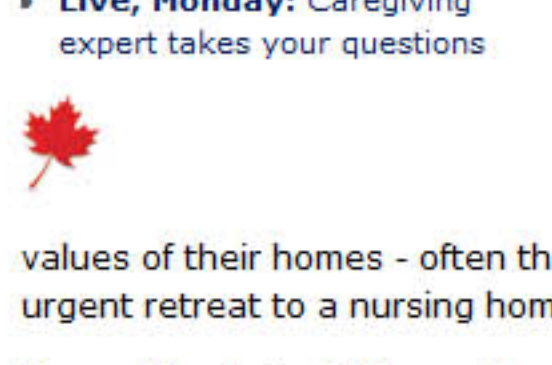
ERIN ANDERSSON
From Saturday's Globe and Mail
January 31, 2009 at 10:46 PM EST

With debt mounting and bill payments falling short, Michelle G. finally took extreme action: She took away her parents' Canadian Tire card.

Three years ago, the 36-year-old office assistant moved to the basement of her newly purchased Toronto bungalow so that her mom and dad could live on the main floor. They could no longer keep up with bills and rising gas and food prices, so now Michelle covers the mortgage and hydro and, some months, her parents' car payments.

The full details of the arrangement are a secret, even within the family. Michelle has two brothers, but they have children; as the single one, she is seen as best able to pay. But she worries about her own future. It has been three years since she contributed to her RRSP. Her father is 74 and her mother turns 65 this year. Even if they can pay down their debts, they are likely to need more care in the future.

"I know I am not saving as I should," Michelle sighs. "Sometimes it does get to me. But they are not people I can say 'no' to."



Enlarge Image of (Dushan Milic/For The Globe and Mail)

It's common to hear about "boomerang kids," post-adolescents who can't find work and move back home. Today, they may find they have to bunk with grandma when they get there. More and more adults are helping their aging parents not just with errands and health care but financially.

Michelle G. is at the younger end of the group - most are baby boomers, their pocketbooks pinched by parents and progeny just when they should be socking cash away for their own old age. In a survey that BMO Financial Group conducted last year, 34 per cent of boomers were caring for aging relatives and 66 per cent of those said it was negatively affecting their finances, work and personal lives.

And now comes a recession in which many seniors have watched their investments shrink after the stock market fell by roughly 40 per cent last year. They may not have time to wait for the upswing. The values of their homes - often their main source of capital to fund, for example, an urgent retreat to a nursing home - have also been falling across the country.

Meanwhile, their children, often still paying university tuition for their own offspring, worry about company pensions holding up or losing their jobs altogether - 175,000 positions are expected to vanish this year, on top of the 100,000 lost in the last two months of 2008.

Al Antle, executive director of Credit and Debt Solutions in St. John's, says he has been seeing steadily more seniors as clients, and hearing from more children surprised by their parents' financial shortfalls.

"They're telling us they are paying light bills, food bills, going out to buy mom winter boots because she can't afford them."

This Christmas, Mr. Antle adds, sons and daughters were giving gift certificates to grocery stores and filling oil tanks as presents.

If they were hoping for help in the federal budget this week, they didn't get much.

Tax cuts and credits will put extra dollars in some people's bank accounts, but the poorest seniors - who already pay no tax - won't see a penny. Ottawa earmarked \$400-million to build affordable housing for seniors over the next two years, but no additional relief for Canadians caring for family members.

Seniors groups had asked for a moratorium on the rules forcing fixed withdrawals from registered retirement income funds, matching a recent move in the United States; the budget included only a previous announcement that allows seniors to reduce their withdrawals by 25 per cent in 2008.

Canadians are living longer and saving less, and the cost of aging keeps rising. Retirement resources may not carry grandma into her 90s, when her care becomes the most expensive. The trend threatens to pass the price tag for those twilight years on to the grandchildren still frothing lattes at Starbucks, who can't yet conceive of the day dad needs an electric wheelchair.

Some financial costs are more subtle: When Canadians, typically women, reduce work hours or retire early to look after parents, they lose out on potential pension contributions and health benefits, as well as income. Meanwhile, in Canada the majority of baby boomers are counting on inheritances to supplement their own retirement. But according to Mark Halpern, a certified financial planner in Toronto, that windfall might not be as large as they think.

"We're expecting this huge wealth transfer from the saving generation to the spending generation," he says. "The problem is that with our parents living longer, there's a potential that that money is going to go, especially to areas like health care and taxes."

And despite the "saving generation" stereotype, not all older Canadians have been immune to easy credit. The rate of bankruptcy among Canadians over 55 increased by 541 per cent from 1990 to 2007, according to a study by the Vanier Institute for the Family. The most common cause was having overdone it on credit.

As Mr. Halpern says, "There's a big misconception that our parents have looked after everything."

FEAR OF FALLING

When the doctor told Dennis Blinn two years ago that his 83-year-old mother couldn't be left alone after she broke her arm, he and his two siblings worked fast. Their mom didn't want to leave her house on the Acadian Shore of Nova Scotia, so they hired two women to stay with her around the clock. A few months in, they calculated they were on their way to spending \$24,000 a year.

"There's no way we could manage that every single year - and mind you, that's cheap still," says Mr. Blinn, who lives in Halifax, several hours from his mother. "It was at the point where one of us would have had to quit our jobs."

Luckily, one of the caregivers agreed to take the Blinns' mother in to her house and use her pension cheques as payment.

Mr. Blinn, 45, is still covering the costs of his mom's old home, where he hopes to retire and live with her in a few years. He knows how much she wants to live out her days in her own house.

A 2007 Ipsos Reid poll reported that 25 per cent of people 45 to 60 years old said caregiving responsibilities had affected their own retirements - one in 10 said the timing had changed, 8 per cent had increased their personal debt and 6 per cent were contributing less to their own RRSPs.

But, like Mr. Blinn, most adult caregivers said they were happy to help out, despite the financial strain and emotional exhaustion.

"It's your mom, right?" says Gayle, a 50-year-old former social worker in Edmonton, who gave up full-time work eight years ago when her mother needed someone to help her get to appointments and handle household chores. (She asked that her last name be withheld to spare her mother embarrassment.)

The last thing on her mind had been money, or what the choice might do to her career. "You just fall into it," she says. "You do what you have to do. ... It's one day at a time, that's the timeline."

More than a few adult children are "falling" into care for their parents. In the Ipsos Reid survey, among middle-aged Canadians who expected to help out parents with their own money, only one in four had budgeted for it, and only 7 per cent of those currently supporting seniors had sought financial advice.

Aine Humble, a researcher at Mount Saint Vincent University, says that many people make their decisions without considering all the implications. "There's no question that some caregivers take a tremendous hit financially," she says.

The parent needing care is most often Mom, who usually outlives Dad but has less income and fewer savings. The burden of elder care typically falls on daughters, such as Michelle, who are more likely than sons to change their work arrangements to do it. And then women must work later in life to balance those lost pension contributions.

Canadians who leave the work force to care for children under the age of 7 can have those non-income years excluded from their overall Canada Pension Plan calculations. But there is no similar provision, Dr. Humble points out, for adult children who do the same for their parents, often during the high-salary stage of life.

ON THE OUTS

Then again, there are caregivers who leave their jobs involuntarily, especially these days.

"I don't know what I will do," says Frank Mai, a 46-year-old father of two young daughters and one of 2,000 Toronto-area workers who lost their jobs last Canada Day when plastic-products manufacturer PMP suddenly declared bankruptcy. It is the first time Mr. Mai has been out of work since arriving in Canada from Cambodia 20 years ago.

Three months before he was laid off, Mr. Mai's 60-year-old mother-in-law had arrived from Macau to live with his family, sharing a bedroom with his daughter in their home in Richmond Hill, Ont. His wife, Dora, is an only child and her mother had no one else to look after her. Sponsoring her had been a natural decision.

"But she is getting older and weaker," Mr. Mai says. "If something happens, and I don't have the money, how will I pay? She relies on me for everything."

His wife works as a general labourer with a water-filter company, but earns only slightly more than minimum wage - and should there be layoffs, she has little seniority. Their daughter doesn't go to swimming class any more and they dip coupons, stretching groceries as far as they can. Even his mother-in-law tried to find work at a restaurant in Chinatown, only to be told she was too old.

Mr. Mai, whose employment insurance will soon run out, is taking classes to improve his English. But he knows the current economy is not kind to middle-aged men without high-school diplomas. "If I don't have a job," he says, "I don't know what's going to happen to my family."

Even under better circumstances, caregivers underestimate how much the task will cost and how long it will last. They assume that they will be able to re-enter the work force later, but often find that in the meantime they start looking after a second parent or a spouse, or develop their own health issues.

Maureen Osis, a registered nurse who now advises families through her Calgary-based company, Elderwise, describes siblings who pooled their resources to put their mom in an assisted-living residence, only to watch the bill reach \$110,000. Another woman took in her ailing, 85-year-old father-in-law for what she assumed would be a year but now has been seven. And Ms. Osis has counselled families who were forced to sell homes in down markets because of a sudden illness or death, leaving them too strapped to put a parent in a preferred nursing home.

"People are often surprised by how little is paid for when they get older," Ms. Osis says.

Of middle-aged Canadians who have assisted an aging family member, nearly three-quarters have taken no steps to plan for their own care, in an age group that will outlive any previous generation. And falling birth rates means they will have fewer children to share those costs.

"There's a myth that everything will be taken care of, and it won't be," Ms. Osis says. "We are just now catching the wave of people, saying, 'My goodness, I didn't see what was coming.'"

GUILT AND FRICTION

Caregiving improves relationships between parents and adult children more often than it harms them, according to surveys. Still, taking charge of a parent's care - and their finances in particular - creates an awkward power shift. Some people report paying rent at nursing homes without their parents' knowledge to protect their pride. Caregiving children feel guilty for worrying about crunched budgets while dad lingers in a home, or embarrassed to learn that mom has been secretly skipping bill payments.

When parents look after children, they can expect that at some point, their offspring will become self-sufficient; children caring for parents, on the other hand, know their obligations probably will rise. Michelle G. admits that sometimes her resentment has boiled over into arguments with her mother and father. She occasionally finds herself wondering with frustration: "When is it going to stop?"

For years, Carol Wodak, now 69, helped out as much as she could with her mother's care in an Edmonton group home. Her mother began suffering from dementia in 1996, but it was five years before her condition was severe enough to qualify for subsidized care. (She died in 2006.) "You're in this position where you are thinking, 'If mom doesn't get worse, what will we do in the future?'" Ms. Wodak says. "That's pretty awful."

End-of-life changes cause conflict and stress on both sides. Children can be frustrated by parents who won't move closer to make caregiving easier because they want to stay in the community they know. Seniors sometimes resist releasing control of their finances or grant authority to a sibling other than the one providing the physical care.

Barbara Small, the project development co-ordinator for the Family Caregivers Network in Victoria, has seen cases where adult children must hire home care or a housekeeper for a parent who can afford to pay but refuses to spend the money. And she sees more than a few sons and daughters grumbling as nursing costs - or ad-hoc charity to telemarketers - eat inheritances away.

At workshops, she prepares people for the worst: "All that old crap that you had in your family, that you thought went away, all comes rushing back."

Having too many generations under one roof carries its own stresses. Deb Groulx is currently sleeping on the trundle bed in her 11-year-old grandson's bedroom. Ms. Groulx, 52, moved back to Woodstock, Ont., where her daughter lives, after a long-term relationship broke up. She has no savings, hasn't worked for years and didn't graduate from high school.

Through the Women's Employment Centre in town, she has gone back to get her high school equivalency. In the meantime, she has to rely on her daughter. "I had no other place to go."

Her daughter, Dawn Pike, shrugs off the costs: "You make ends meet," she says. "One more person is just another potato." And her mother contributes a portion of her Ontario Works cheque. But Ms. Pike, who is on disability from work with a back injury, and her husband, a processor at a local poultry farm, have three kids.

Both women admit that it's not easy throwing grandma into the mix.

"I don't have my own space," Ms. Groulx says.

Adds Ms. Pike: "It's an awkward situation in some ways. It's my mom, but I have my life and my privacy. In that sense, it's a little overbearing for me."

MATTERS OF LIFE AND DEBT

While she has not planned for it formally, Ms. Pike assumes she will always be there to help out her mom, even if it means building an extension on their home. "It would be my obligation as a child."

However, not planning can lead to more complications. Many people first learn that their parents are in financial trouble only when mom or dad ends up in hospital suddenly and their children gain access to personal records and bank accounts. After all, who wants to start a chat about money and death at the Sunday family dinner?

Children are often reluctant to begin the conversation, for fear of appearing greedy for an inheritance or seeking control over their parents' finances. And parents who lived through the Depression and are expected to be prudent savers and mortgage-free homeowners may be embarrassed to need help from their children.

Without his daughter, Wilfred G. admits, he and his wife "would have been on the street." They found themselves increasingly in the red when filling the gas tank and buying groceries, occasionally skipping bill payments. "We couldn't manage on our own."

"They didn't want to be a burden," says Michelle, who started wondering about her parents' finances when they asked for money here and there. They eventually went for counselling with Credit Canada, a non-profit group that helped to consolidate their debt. Even now, though, they rarely discuss specifics with Michelle.

"Wouldn't it be nice if we could have those conversations with our parents early on, while things are still good?" says Barb MacLean, the Family Caregivers Network's executive director. "In contrast to a family who has not planned: The kids are left scrambling, people are arguing, there's not enough money, there's no bed in the health-care system."

Mr. Halpern, the financial planner, suggests that some families with seniors living close to the line consider long-term-care insurance. He pays thousands of dollars a year for his 65-year-old mother-in-law's policy, but it will provide her with \$500,000 should her health fail.

Wilfred G. says he and his wife hope to contribute more financially once their debt is reduced. Still, he adds, "Our daughter won't let us down."

Michelle agrees, but she would like to save for a wedding down the road and a family of her own.

She scoffs at stories of sons and daughters her age who still get handouts from their parents. "I think those kids are spoiled and very sheltered," she says. "But part of me is very jealous. Part of me is saying, 'Good for you.'"

Erin Anderssen is a feature writer for The Globe and Mail.

Wisdom of age

To avoid awkward situations as you or your parents get older, caregiver groups and financial planners offer these suggestions:

Talk to your parents about their financial arrangements for the future, their wishes, and any provisions they have made, including power of attorney.

Make sure you know where legal documents are kept, as well as the location of any bank accounts or investments.

Before moving in together, have an honest discussion about issues such as privacy, disciplining the grandchildren, the sharing of expenses.

Research long-term-care insurance and tax credits available to caregivers and seniors.

Before giving up hours at work or retiring early to care for parents, consider how the decision will affect your own health and retirement benefits.

Sources: Family Caregivers

Network Society, Elderwise

Article | Comments (72)

RECOMMEND THIS ARTICLE? YES 23 votes

View the most recommended

Print | E-mail | Comments (72)

Share | License

News | Stock | Business | People

SEARCH

Print | E-mail | Comments (72) | Share | License | Text Size

JOIN THE CONVERSATION

This conversation is semi moderated

72 reader comments | Join the conversation

Wow I hope none of the posters ever have some bad breaks...

Leav K, you're kids live that close, and don't even...

Michelle G. needs to sit her parents and her brothers...

My husband and I are in our thirties, yet have already...



Our Newest Way To Shop vintageshoponline.com

FOLLOW THIS WRITER

Add ERIN ANDERSSON to my e-mail alerts

TOP LIFE STORIES

What I did on my layoff

It's a gamble

Dark days call for only one thing: optimism

Go to the Life section

TOP STORIES BY SECTION

Report on Business: Cellphone carriers have one year to upgrade 911 system, CRTC says

National: Third Newfoundland Liberal breaks ranks

World: Sri Lanka: army crushing Tamil rebels

Sports: Senators fire Hartsburg

Happy Days for Gary Marshall

Technology: Cellphone carriers have one year to upgrade 911 system, CRTC says

Life: What I did on my layoff

MOST POPULAR

Most Viewed | Most E-mailed | Most Discussed

Life | All News

The only thing dirtier than sex

What I did on my layoff

It's a gamble

Mom, churchgoer, 'dildo lady'

Thanks for ruining the economy, Mom

No boring blue shirts here

The parent trap

Recall of peanut products hits Canada

The cult of Cunard

Food may not be sole BPA source

More popular news items



Click here for more information.

