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Incapacity Planning for Aging Parents

Almost 750,000 Canadians are living with some form of dementia¹. The personal and financial challenges can be devastating for elderly individuals as well as for the adult children who care for them. Daniel, 63, knows this story all too well.

"It was about five years ago when I started noticing dad's mental decline. As it wasn't long after mom had passed, I chalked it up to grieving, but when his forgetfulness escalated, my siblings and I grew worried." Since Daniel lived nearby, he assumed responsibility for his dad's care. A Gerontologist confirmed it was Alzheimer's. This was both devastating news and also a strange relief. "Once we got dad's diagnosis, I was contacted by a social worker who urged me to take care of legal and financial matters soon while dad was still competent to make decisions."

Daniel's parents had a financial advisor, so after his dad's diagnosis, he contacted her about next steps. She assured him that his father had a will, estate plan and healthy portfolio but advised that a power of attorney should also be appointed. "Talking to dad's financial advisor was a huge relief. Money was always taboo with my parents, so I had no idea what his financial situation was. Knowing he and mom had taken care of things so well made it a little easier to breathe."

This is not always the case for adult caregivers when their parents experience cognitive decline. Fortunately, there are some steps you can take to anticipate and mitigate some of the challenges you may face.

Communication

Conversations about money are uncomfortable but critically important.

They should be rooted in respect and dignity, but with the goal of understanding what aging parents have and need for their financial well-being as their health declines.

Financial advisor and estate planning

"I cannot state emphatically enough that a financial advisor and a well-designed estate plan made all the difference to managing my dad's situation," says Daniel. In addition to advising people on growing and managing their wealth, a financial advisor can also be an intergenerational conduit between aging parents and adult children. By planning well in advance of a diagnosis, they can help mitigate the financial destruction that dementia can wreak. A financial advisor's estate planning expertise can also help arrange advanced care planning, put proper insurance in place, ensure the smooth transition of assets and minimize tax payments.

"As dad's Alzheimer's progressed, there was always some devastating surprise lurking. We hoped it would take a long time to play out, but his decline was rapid and severe. Having a financial plan in place allowed my siblings and I to give dad the care he deserved."

No one wants to plan a future that includes cognitive decline, but it's vitally important. Incapacity causes significant stress, anxiety and feelings of helplessness for everyone involved. Effective planning makes a significant difference, but it requires open and honest conversations before warning signs appear.

**Fictional characters for illustrative purposes only.*

Sources: ¹. Alzheimer's Association: Alzheimer's and Dementia in Canada

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