

The retirement issue no one talks about: long-term care

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■ OPINION



It's time for us to grow up in our thinking about what retirement is like. It's not a long vacation.

Depictions of retirement in financial-industry marketing and the media almost always focus on the early, active years and ignore the later years when people are dealing with illness or disabilities. Seen any people with walkers or oxygen tanks in ads during registered retirement savings plan season? Nope — they're all driving scooters or skiing.

By all means, focus on the early, active years when planning your retirement, but don't ignore the years when you may need help with daily living activities such as bathing, dressing and eating. "No retirement plan is complete without a long-term-care component," said Karen Henderson, founder and CEO of the Long Term Care Planning Network.

Ms. Henderson got in touch with me recently after viewing a video I did about how people with a comfortable level of savings often under-spend in their early retirement years because they're worried about needing money later on. Long-term care is a considerable expense to prepare for, but some experts believe it will be affordable if you sell your house or if you no longer need to spend on other costs of life beyond your care.

Ms. Henderson urges people to investigate the cost of long-term care or home care and to figure out how they'll afford it while

they're still looking ahead to retirement. Her experience providing help to seniors and their families tells her people are mostly oblivious. "It depends on what they need, but they're usually pretty surprised," she said. "Most people don't understand what care costs. They think the government is going to look after them."

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Long-term care means moving into a facility, while home care means having someone come into your home to provide assistance. Ms. Henderson said there are three reasons why people need long-term care or home care: One, they have dementia; two, they have a spouse who can no longer provide needed care; or, three, they don't have a spouse or family member to provide support.

Most people want to remain in their homes as long as possible, an option that can be affordable if you need only a few hours of help per day or week.

Ms. Henderson's rough estimate of home-care costs is about \$30 an hour (this cost would be in addition to a base level of home care covered by provincial programs). If you needed up to two hours a day for seven days a week, that works out to \$1,820 monthly. As for a long-term-care facility, Ms. Henderson pointed out a re-

source called The Care Guide that shows costs for long-term care or nursing homes across the country range from roughly \$1,000 to \$3,250 a month, depending on income level. In Ontario, for example, the province has set a monthly maximum rate of \$1,848.73 for a basic room in a long-term facility, \$2,228.63 a month for a semi-private room and \$2,640.78 for a private room. Low-income seniors may qualify for a government subsidy of up to \$1,848.73 a month.

Selling the family home would provide a source of money to pay for long-term care, but Ms. Henderson said that's not always possible. "Let's say there's a couple and one of them has to go into long-term care, while the other stays in the house. Well, you can't sell the house."

Preretirement planning can project whether you have saved enough money to cover year-by-year living costs during the early and middle stages of retirement, plus the cost of long-term or home care in the final stage. If not, then your options for making up the funding gap include a later retirement date, increased savings in the final preretirement years or more subdued spending early in retirement.

In a way, decisions about long-term care are a family matter. Ms. Henderson said she does most of her consulting with the families of seniors as opposed to seniors themselves. Meanwhile, I'm starting to hear from more people — boomers and Gen Xers — who are either helping their aged parents with living costs or expect to. Long-term care should definitely be part of the conversation between parents and adult children.