Why loneliness is a serious and growing health issue among seniors, advice for retiring abroad and how to use an inheritance to help out adult kids

SPECIAL TO THE GLOBE AND MAIL
PUBLISHED JANUARY 27, 2022

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Gregor Sneddon is the executive director of the non-profit HelpAge Canada, which focuses on helping people 65 and older cope with their feelings of loneliness.
JUSTIN TANG

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When asked about loneliness, Gregor Sneddon recalls a visit he made to a single senior woman who was blind and lived alone. She relied on volunteers to bring her food and medications. Mr. Sneddon, executive director of the non-profit HelpAge Canada, went into her fridge during his visit and found a jar full of mould.

"And this woman still managed to be cheerful and so grateful to have somebody come to visit her," says Mr. Sneddon, whose organization's mandate is to address isolation and loneliness in the mature population. "Just imagine facing the world alone. You have nobody to share a meal with. You have nobody to share your day with, to speak to, to reflect and engage in who you are."

Knowing that we are needed and that we belong is a primal human need, he says. "Without that, we deteriorate very quickly."

Census data shows almost one in four Canadians aged 65 and older live alone and about half over the age of 80 report feeling lonely, according to a report from the National Seniors Council. Numerous studies have linked loneliness to health issues including diabetes, heart disease, stroke, mental health struggles, and the onset of Alzheimer's and dementia.

"It existed before COVID but COVID has certainly had an impact … There has been quite an increase in social isolation," says Suzanne Dupuis-Blanchard, chairperson of the National Seniors Council and research chair in population aging of the Consortium national de formation en santé at the Université de Moncton. Dene Moore reports

Why more people approaching retirement are considering long-term health care plans and costs

The COVID-19 pandemic is spurring many Canadians approaching retirement to consider their health care needs in the coming years. A survey of Canadians over 45 years of age found that less than 60 per cent of pre-retirees with a written financial

plan in place have included a budget for health care costs in their retirement plans, according to the 2021 Fidelity Retirement Report.

However, as only 25 per cent of pre-retirees had a written financial plan in place to begin with, just 37 per cent of all survey participants have some type of health care plan at all. That means there's a great opportunity for advisors to help clients and prospective clients establish these plans. Kathy Kerr reports

What this couple needs to consider if they want to retire abroad

Now age 57, Roy and Gail have done remarkably well for themselves and are ready to retire from work early in 2023. Several factors helped them save more than most. They live in small-town Ontario where expenses are relatively low. They have no children. And they both have well-paying jobs, with Gail making $105,280 a year in government and Roy $90,750 in industry. Both have defined-benefit pension plans but only Gail's is indexed to inflation.

Their main question: "How can we generate $120,000 a year after tax when we retire?" Roy asks in an e-mail. That's more than they are spending now.

They want to spend at least six months of the year abroad and wonder whether it would make sense from a tax point of view to take up residency elsewhere. "If we leave Canada permanently, is it better to give up or keep our Canadian residency status for tax purposes?" Roy asks.

In the Globe's latest Financial Facelift column, Nushzaad Malcolm, a financial planner at Henderson Partners LLP in Oakville, Ont., to look at Roy and Gail's situation.

In case you missed it

How to know when it's time for seniors to stop driving

Tony Marshall knows he won't be driving forever. The 80-year-old Halifax resident often drives to attend a local singing group and likes to meet up with friends. But he's also aware of his family history of dementia and has noticed that he's lost some of his sense of direction over the past two years and has become a bit absent-minded.

He can't just jump in the car and go any more. "I have to plan how to get there," Mr. Marshall says. He uses his Toyota Corolla's GPS to map out each route and prevent missing a turn. He says if cognitive issues creep in, he'll get his wife to drive him or take a cab. I will probably keep driving for two or three more years," Mr. Marshall says. "I know what to expect. But I can live with it."

Driving is a lifeline for many retirees – a fundamental part of their lifestyle that allows them to maintain friendships, visit family, remain independent and participate in community activities. Anna Sharratt reports

Why prescription overload is a serious health risk for seniors

It was while working in acute care at McGill University Health Centre that the epidemic of overmedication in older Canadians became clear to physician Emily McDonald.

"We were seeing older people coming in with fall fractures, hip fractures, delirium, confusion," Dr. McDonald says. "And a lot of it could be pretty easily traced back to medications or combinations of medications that they were taking."

Going over the list of prescription medications they were taking, it was clear many were not appropriate, she says. The diagnosis was prescription overload.

"It's a massive problem," says Dr. McDonald, an associate professor of medicine and director of the clinical practice assessment unit in general internal medicine at McGill University Health Centre.

"More than half of people over the age of 65 are taking more than five medications and when you look in long-term care – the most vulnerable people – they're taking

at least 10 medications a day. Dene Moore reports

Ask Sixty Five

Question:

Hello. I am 72 and single with a pension, no debt and own my home. I am about to receive an inheritance of about $1-million and am wondering how to make the best use of it. I have two kids in their early 30s; one has a full-time job and is just starting to save and the other can't work due to a disability. I have been putting money into a registered disability savings plan (RDSP). What are my options to safely and tax-efficiently invest a good chunk of the money for them in the future, either in my estate or through gifting while alive so they can invest it directly in a tax-free savings account (TFSA) or a registered retirement savings plan (RRSP)? I am not thinking about the stock market, necessarily, at least not for me. Thanks for any direction you can provide.

We asked Kyle Westhaver, an adviser at Nicola Wealth in Toronto to answer this one:

With a pension, owning your home debt-free, and building up savings in an RDSP, it sounds like you were already well on your way to achieving your financial goals before receiving the inheritance.

It's best never to assume, so a great first step to answering your question is to work through a financial-planning exercise to determine exactly how much of your inheritance is truly excess capital that you can have peace of mind gifting or investing for your children's benefit, without creating additional risk in your retirement plans.

For example, is your pension hedged to inflation? Perhaps it covers your lifestyle expenses today but $1,000 per month with an average inflation rate of 3 per cent has the same purchasing power as $550 in 20 years from now – a decrease of 45 per cent. Even if it is hedged to the Consumer Price Index (CPI), will your pension comfortably

cover future health care and caregiving expenses? Does your home need any major capital expenses?

Your plan to help your children over time by providing funds to invest in RDSP, RRSP and TFSAs is excellent and will afford them the opportunity to build a nest egg and get comfortable managing investments. For the RDSP, you can contribute a maximum of $200,000 and you will benefit from contributing at least $1,500 a year now until the year your child turns 49 to maximize the Canada Disability Savings Grant, which could be upwards of $70,000 over that period. This would allow approximately $170,000 to be invested as a lump sum now to begin compounding tax-free.

It’s also a perfect time to create an estate plan and review your will to ensure it’s consistent with your wishes. This is especially true because you may help your children differently in the near term but wish to be equitable in the end. Consider if a Henson Trust is appropriate for your child with a disability, to protect their inheritance while preserving their eligibility for government benefits.

You can also help your children with important expenses that are not yet a priority or possibility for them. Providing for the cost of life or disability insurance could be a significant benefit for their families someday.

You’re probably wondering why I haven’t commented specifically on how to invest the inheritance yet. Investment recommendations are the last piece of the puzzle and it will depend on the objectives of the above planning considerations – cliché I know, but it’s akin to having a blueprint before you begin to build a home.

There are certainly options available to invest beyond just the stock market, and many firms design portfolios similar to your defined benefit pension or the Canada Pension Plan (CPP) by investing in less volatile assets like commercial real estate and infrastructure projects that focus on cash flow and capital preservation. The comprehensive financial plan will determine how much of the $1-million is being invested based on your risk tolerance versus your heirs – resulting in significantly different approaches.

Sixty Five

Have a question about money or lifestyle topics for seniors, or want to suggest a story idea for the Sixty Five series? Please email us at sixtyfive@globeandmail.com and we will find experts and answer your questions in future newsletters.

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