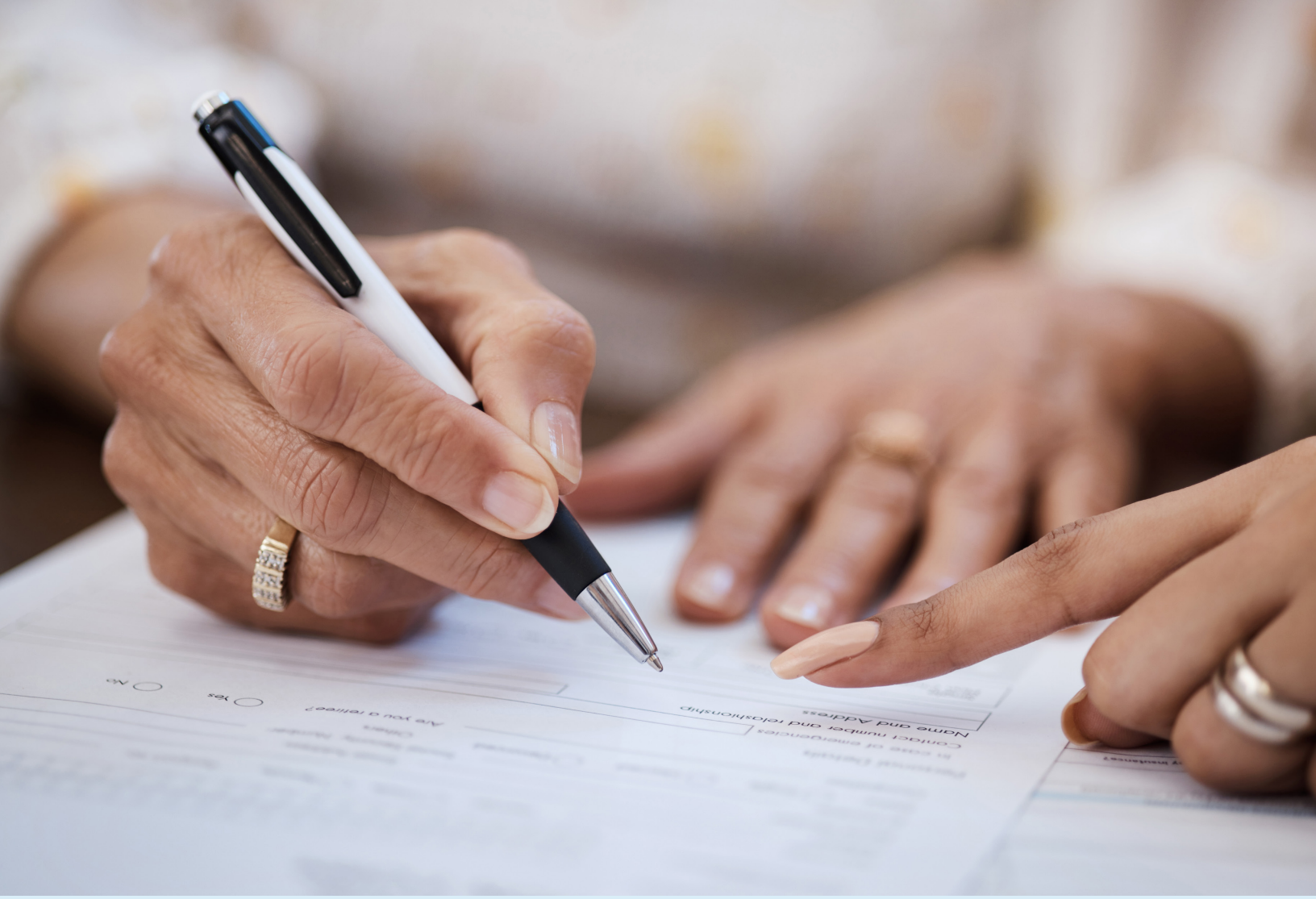


Module 6

ACCOMMODATION AND LIFESTYLE

MONEY AND YOU SENIORS EDITION

Module 6

ACCOMMODATION AND LIFESTYLE

Let's Discuss...

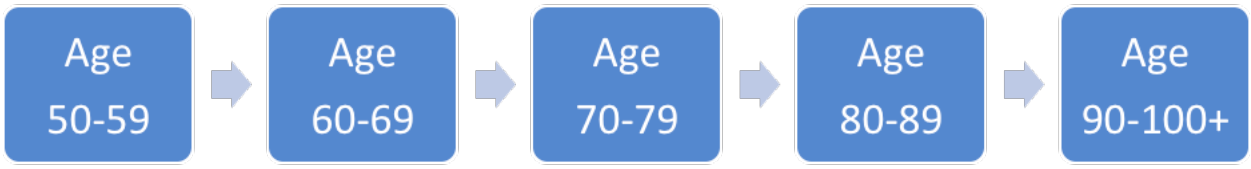
- $ Downsizing
- $ The Principal Residence Exemption
- $ Moving To the Country... or the City
- $ Living On Your Own
- $ Financial Help – Tax Assistance
- $ Pros and Cons of Getting into Debt
- $ Shared Accommodations
- $ Retirement Living
- $ Alternatives: New Concepts Evolving For Seniors Living
- $ Long Term Care or Assisted Living Facilities

Home. No matter who you are or what stage of life you are in, everyone wants – and deserves – a comfortable, affordable and safe place to live.

As you age, the location of your "home" may change depending on your circumstances.

- As you retire from full-time work, you may think about moving into a more rural slow-paced setting compared to a busy city life – or you may want to move into the city for a change from the suburbs.
- As your children age and you become an empty nester, you may think about downsizing.
- As you age and you want to do less property maintenance, you may consider moving to a retirement community.
- If you lose a spouse, you may wish to change residences, to move closer to family or start a new chapter as a single
- Or, if your health starts to fail you may consider nursing or long-term care.

This module explores the many accommodation options to consider as you age. As you are considering these options, there are many personal



and financial decisions you will need to think about. Your senior years after all, might span several decades and a varied series of lifestyles: from active living in early retirement to shut-in time in your very senior years.

Action Item

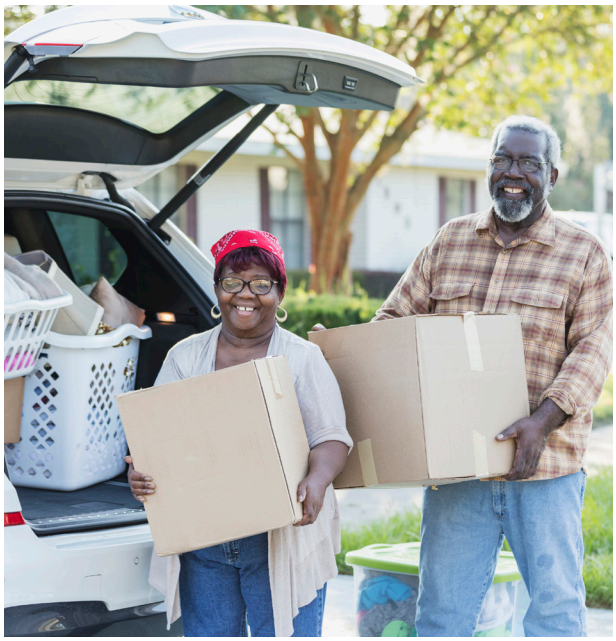
- **Consider where you want to live in each of these decades.**
- **Consider where you will have to live, if you can't live independently.**
- **What triggers will cause you to change your accommodations?**
- **How much will the move cost?**
- **How much will the accommodations cost?**
- **How much will care in the accommodation cost?**

Downsizing

As our children age or as we near the end of our careers, many seniors think about making life simpler by moving to a smaller home.

If you are a renter, perhaps you want to move to a smaller apartment, that is more auto or mobility-accessible.

If you are a homeowner, you may think it is time to become a renter or a condo owner. Perhaps in either case, you want to move closer to family, friends or to a home in which maintenance is covered or minimized.



If you are a homeowner, you will have some additional financial decisions to make. You will need to think about investing the money you will generate from the sale of the home.

The good news for those whose homes have increased in value is that the profit you've made on the increasing value of your home could be tax free if your property qualifies under Canada's Principal Residence Exemption Rule. That means if you bought your house for $250,000 and sold it for $500,000 (after costs) you would have a $250,000 gain (less any improvements you put into the home). In most cases, you don't have to pay any tax on that gain. And that means more money for you in your retirement.

Think About It

Many long-time home owners have built a lot of equity in their homes. And, house prices in Canada have continued to increase in value since the beginning of the pandemic. The actual (not seasonally adjusted) national average home price was $686,650 in September 2021, up 13.9% from the same month last year. Excluding Vancouver and Toronto, the average home price was about $540,000.

Principal Residence Exemption

In order for a property to qualify for designation as the taxpayer's principal residence, you must own the property solely or jointly. The housing unit generally must be inhabited by the taxpayer or by the spouse or common-law partner, former spouse or common-law partner, or child.

Action Item

Before committing to the big move to a smaller place, there are a lot of things to consider in downsizing[1]:

Benefits	Questions
Smaller place to keep clean	Is there room when the kids want to come home for a visit?
Lower maintenance	Will you miss gardening or will you still be able to spend time outside?
Lower monthly carrying costs	Will your new home continue to grow in value?
You can make money by selling unneeded stuff	Purging is a lot of work. Are you emotionally attached to some items that will make it difficult?
You may be able to clear some outstanding debt	Do you want to move away from helpful neighbours?
You may be able you to travel more	Will the lower carrying costs, or profits make up for higher travel costs?

1 Here are some resources you may wish to consult about downsizing:
https://mint.intuit.com/blog/housing/downsizing-here-are-the-pros-and-cons-youll-need-to-consider/
https://edisonfinancial.ca/how-to-downsize-home/

But, a taxpayer can designate only one property as his or her principal residence for a particular tax year. Furthermore, for a tax year that is after the 1981 year, only one property per family unit can be designated as a principal residence[2].

Money Tip

If you are a Canadian resident, you can designate any personal residence as the exempt one – the home in the city, the cottage or the vacation property either here or abroad. It is only necessary to live in each property at some time in the year.

Potential tax trap: House-flippers beware. The principal residence exemption can be denied if you buy and sell principal residences too often in order to make a profit.

2 Source: https://www.canada.ca/en/revenue-agency/services/tax/technical-information/income-tax/income-tax-folios-index/series-1-individuals/folio-3-family-unit-issues/income-tax-folio-s1-f3-c2-principal-residence.html

Moving to the Country/City

As with the downsizing decision, some empty-nesters or those approaching retirement may dream of moving to the country – or to the excitement of the big city if they have been living in rural areas or the suburbs.

Action Item

For renters, any move will require careful consideration of the following items:

- **Will rent in the new location be more or less?**
- **Are there limits to how much rent can rise in the area?**
- **Are there tax credits for senior renters?**
- **What are the costs of utilities, taxes, other maintenance costs?**
- **How much will any of these costs rise with inflation or required maintenance?**
- **Will I save money on transportation?**
- **Are we closer to regular appointments we need to go to?**
- **How available is other transportation?**
- **Are there any concerns with the neighborhood: privacy, security?**
- **Is there a potential to join community groups and recreational activities?**
- **How much will communications costs be for phone, internet, etc.?**

For homeowners, tax free capital gains on long-held property will give you some freedom to decide where you might want to live. And while there are lots of benefits to getting out of the hustle and bustle of city life (including lower costs) there are risks to consider as well – including isolation, access to healthcare and other services city dwellers take for granted. There are also pros and cons of moving to the city.

Here are some considerations before moving to the country[3]:

Benefits	Questions
Lower carrying costs – utilities, property taxes, water and sewer etc. are usually lower in rural areas	Depending on your destination, will your carrying costs like garbage collection and taxes be higher?
Slower pace of life	Access to health care – there is a shortage of family doctors in Canada and some rural areas do not have accessible walk-in clinics Do you have a medical condition that means you need to be close to a hospital?
There is a lot of space	Will your house be isolated or will you have access to neighbours in the case of an emergency?
Beautiful gardens and lakefront	Do you have the time, energy and money that it takes to maintain a large property? That might include lawn care, snow removal, septic care, water source (well), gardens.
You may be able to do part time remote work from your rural home	Do you have access to the technology you need? (internet, satellite, telephone)

Here are some considerations if you are thinking of moving to a big city:

Benefits	Questions
Closer to amenities like concerts, sports events, theatres, restaurants	Does your budget include funding for more entertainment?
Choice of recreational activities	Are you ready for the higher cost of living that comes with living in a big city?
Less need to own a vehicle	Are you ready to sell the vehicle for public transit or periodic renting? Are you ready for downtown traffic if you keep your vehicle?
A variety of cultures, food, activities	Are you ready for the safety concerns that living downtown might mean?

3 Resources: https://rankmyagent.com/realestate/the-pros-and-cons-of-moving-to-cottage-country/

Living On Your Own

Many people want to stay in their homes as long as they possibly can. And this desire has only increased as the COVID-19 pandemic hit. In fact, a recent survey conducted by Ryerson University and the National Institute for Aging (NIA) concluded that *almost 100% of Canadians 65 years old and older plan* to support themselves to live independently in their homes for as long as possible[4].

People want to avoid institutional elder care. Many residents of nursing and seniors' homes are at increased risk for negative outcomes of the COVID 19 virus (such as hospitalization or death) as they are older and more likely to have complex chronic conditions (Industry Canada, 2020).

Residential care facilities in general are potentially at higher risk for the spread of infection given the unavoidable close contact between staff and residents (Industry Canada, 2020). Avoiding nursing and senior's homes may be top of mind for many seniors.

4 Source: https://static1.squarespace.com/static/5c-2fa7b03917eed9b5a436d8/t/5f85fe24729f041f154f5668/1602616868871/PandemicPerspectives+oct13.pdf

Risks to Living on Your Own

As you age, there are also risks to staying in your home – especially if you are living alone. However, if you do want to stay at home as long as possible, there is help available. Consider these risks:

Isolation:

- If your health declines, you may not have anyone to look after your physical needs.
- If mobility becomes an issue and you live on your own, you may find that you are trapped in your house for longer than you would want.
- You may have to depend on friends and family for transportation to shopping or medical appointments. However, there are alternative means of transportation – as discussed under Transportation and Travel.

Money Tip

When shopping for a place to live, consider the social activities that are available. If they are limited, be sure to budget in some community social activities like fitness, clubs or educational courses. Also consider the cost of travel to access medical services.

Tax Tip

Tax credits are often available for the cost of caregiving, medical expenses including travel to receive medical assistance outside your local community (if prescribed) and certain treatments for substance abuse. Be sure to save all receipts and consult a tax advisor if you have specific questions about costs of medical care. Also, a Disability Tax Credit may be available, but this requires a signed form by a medical doctor or nurse practitioner.

Depression. Many seniors living on their own also experience isolation or even depression. In fact, according to the Mood Disorders Society of Canada, 15% of seniors experience some kind of depression[5].

CAMH says Depression is not the same as sadness, though it can be triggered by the sadness caused by loss (e.g., loss of a loved one, loss of hearing), stress or major life change (e.g., retirement, moving). Depression can also be caused by some medical conditions, such as chronic pain, thyroid problems, stroke or Alzheimer's disease. Certain medications and alcohol use can cause depression as well. Or, depression may develop for no apparent reason.

Signs of Depression: People often think that depression in older adults is a normal response to the losses of aging. When they say, for example, "It's no wonder he's depressed, he's 82," or "If I had arthritis, I'd probably be depressed too," they may mean well, but depression is not normal[6].

Action Item

If you are feeling depressed, or any of the above applies to you, do reach out to your doctor, or close family or friends.

5 Source: https://mdsc.ca/docs/MDSC_Quick_Facts_4th_Edition_EN.pdf

6 Source: https://www.camh.ca/en/health-info/guides-and-publications/depression-in-older-adults

Think About It

An older adult may be severely depressed if he or she:

- **does not get dressed**
- **does not answer the phone or the door**
- **loses interest in activities he or she used to enjoy**
- **expresses feelings of worthlessness and sadness**
- **has unusual outbursts of crying, agitation or anger, or shows little emotion**
- **sleeps poorly or too much**
- **eats more or less than usual**
- **complains about physical symptoms that do not have a cause**
- **lacks energy, is often tired**
- **seems confused**
- **has difficulty concentrating**
- **has trouble remembering things**
- **has trouble making decisions or following through with plans**
- **spends more time alone**
- **talks about suicide.**

Fraud and Security. Financial and physical safety can also be a concern when you are living on your own. Living on your own can be lonely and scammers can make their way into your lives by befriending you or even just being good listeners.

Many fraud schemes against the elderly are performed over the telephone, door-to-door or through advertisements. The elderly are prime targets to schemes attributed to credit cards, sweepstakes or contests, charities, health products, magazines, home improvements, equity skimming, investments, banking or wire transfers, and insurance.

Action Item

To defend against scams and fraud, make arrangements to keep important passcodes and financial information secure. You may wish to talk to your financial services representative, tax professional or a lawyer about your security or privacy when it comes to your money.

Always protect yourself from fraud. Never give out your personal or financial information to anyone you don't know.

Think About It

PROTECTING YOURSELF FROM SCAMMERS

Here are some helpful tips on how to protection yourself from scams from the Canadian Anti Fraud Centre[7]:

- **Don't be afraid to say no**
- **Don't be intimidated by high-pressure sales tactics.**
- **If a telemarketer tries to get you to buy something or to send them money right away hang up.**
- **Watch out for urgent pleas that play on your emotions**
- **Do your research**
- **Always verify that the organization you're dealing with is legitimate before you take any other action:**
  - **Verify Canadian charities with the Canada Revenue Agency**
  - **Verify collection agencies with the appropriate provincial agency**
- **Verify any calls with your credit card company by calling the phone number on the back of your credit card**
- **If you've received a call or other contact from a family member in trouble, talk to other family members to confirm the situation.**
- **Don't give out personal information**
- **Beware of unsolicited calls where the caller asks you for personal information**
- **Beware of upfront fees - Many scams request you to pay fees in advance of receiving goods, services, or a prize. It's illegal for a company to ask you to pay a fee upfront before they'll give you a loan. There are no prize fees or taxes in Canada. If you won it, it's free.**
- **Protect your online accounts - By taking the following steps, you can better protect your online accounts from fraud and data breaches:**
  - **Create a strong password by:**
  - **Using a minimum of 8 characters including upper and lower case letters, and at least 1 number and a symbol**
  - **Creating unique passwords for every online account including social networks, emails, financial and other accounts**
  - **Using a combination of passphrases that are easy for you to remember but hard for others to guess**
  - **Enable multi-factor authentication**
  - **Only log into your accounts from trusted sources**

7 Learn more about securing your accounts and protection your computer by visiting Get Cyber Safe: https://www.antifraudcentre-centreantifraude.ca/protect-protegez-eng.htm

Assistance Staying In Your Home

Many seniors want to stay in their homes as long as possible – even after their health starts to deteriorate. According to the NIA study, 70% of Canadians 65 years of age and older reported that COVID-19 has changed their opinion on whether they'd arrange for themselves or an older loved one to live in a nursing or retirement home.

However, the demand for homecare is expected to increase significantly, the NIA projects. In its report, "The Future Co$t of Long-Term Care in Canada", released October 2019, a

baseline projection shows that, by 2050, there will be approximately 120% more older adults using home-care support and approximately 30% fewer close family members—spouses and adult children, for example—available to provide unpaid care.

Think About It

If you are a young senior and want to stay in your home you need to start planning now.

Here is some information on financial and medical help available to keep you in your homes.

Financial Help: Tax Assistance

Provincial Help

Most provinces have programs that will help you with the costs of staying in your home if you need to make renovations to ensure it is safer for you. Here are some examples:

Ontario. Ontario's Seniors' Home Safety Tax Credit will help you make your home safer and more accessible, helping you stay in your home longer. This refundable credit is equal to 25% of the first $10,000 of eligible expenses to a maximum of $2,500.00.

Renovation expenses are eligible if they improve safety and accessibility or help a senior be more functional or mobile at home, for example:

- grab bars and related reinforcements around the toilet, tub and shower
- wheelchair ramps, stair/wheelchair lifts and elevators
- certain renovations to permit first floor occupancy or a secondary suite for a senior
- handrails in corridors
- walk-in bathtubs
- wheel-in showers
- comfort height toilets
- widening passage doors
- lowering existing counters/ cupboards
- installing adjustable counters/ cupboards
- light switches and electrical outlets placed in accessible locations
- door locks that are easy to operate
- lever handles on doors and taps, instead of knobs
- pull-out shelves under counters to enable work from a seated position
- non-slip flooring
- a hand-held shower on an adjustable rod or high-low mounting brackets
- additional light fixtures throughout the home and exterior entrances
- swing clear hinges on doors to widen doorways
- creation of knee space under the basin to enable use from a seated position (and insulation of any hot-water pipes)
- relocation of tap to front or side for easier access
- hands-free taps
- motion-activated lighting
- touch-and-release drawers and cupboards
- automatic garage door openers

Expenses must be paid or payable in 2021. You claim them on your 2021 tax return when completed in the spring of 2022[8]. On December 10, 2021 it was announced the program

8 https://www.ontario.ca/page/seniors-home-safety-tax-credit?gclid=CjwKCAjwtfqKBhBoEiwAZuesiGupFJHbXsDNpMoD_RW8Ljy8xH6gpVZrQmuUD3rc1cUJ2c3pMfLiJhoCXE4QAvD_BwE

would be extended for one more year to 2022.

BC: The Home Renovation Tax Credit for seniors and persons with disabilities assists eligible individuals 65 and over and persons with disabilities with the cost of certain permanent home renovations to improve accessibility or be more functional or mobile at home. The credit can be shared between eligible residents of the home to a maximum amount of the credit. The maximum amount of the credit is $1,000 per tax year and is calculated as 10% of the qualifying renovation expense (maximum $10,000 in expenses). The credit is a refundable tax credit, which means if the credit is higher than your tax liability, you'll receive the difference as a refund[9].

9 https://www2.gov.bc.ca/gov/content/taxes/income-taxes/personal/credits/seniors-renovation

Alberta: The Seniors Home Adaptation and Repair Program (SHARP) is a low-interest home equity loan that can cover a range of home adaptations and renovations to help seniors stay in their homes longer[10].

Other provinces. Here is a link to an article providing information on the various provincial tax credit programs available: https://www.taxtips.ca/filing/home-renovation-tax-credits.htm

Federal Tax Assistance

The federal government also has a number of tax provisions for seniors with medical issues. You may be able to take advantage of when you file your tax return:

The Home Accessibility Tax Credit. Under current rules, you can claim up to $10,000 per year of certain expenses for a qualifying renovation of an eligible dwelling, if you receive the disability tax credit at any time in the year or you are 65 years of age or older at the end of the year.[11]

10 https://www.alberta.ca/seniors-home-adaptation-repair-program.aspx

11 https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-31285-home-accessibility-expenses.html

The Medical Expense Tax Credit. It may be possible to claim some of the same expenses under both the Home Accessibility Tax Credit and the medical expense credit. Using this option, however, there are some important limitations, as described below.

Renovation or construction expenses have to be reasonable and meet the following conditions:

- They were paid to enable the patient to gain access to their dwelling or be mobile or functional within it.
- They would not normally be expected to increase the value of the home.
- They would not normally be incurred by persons who have normal physical development or who do not have a severe and prolonged mobility impairment.

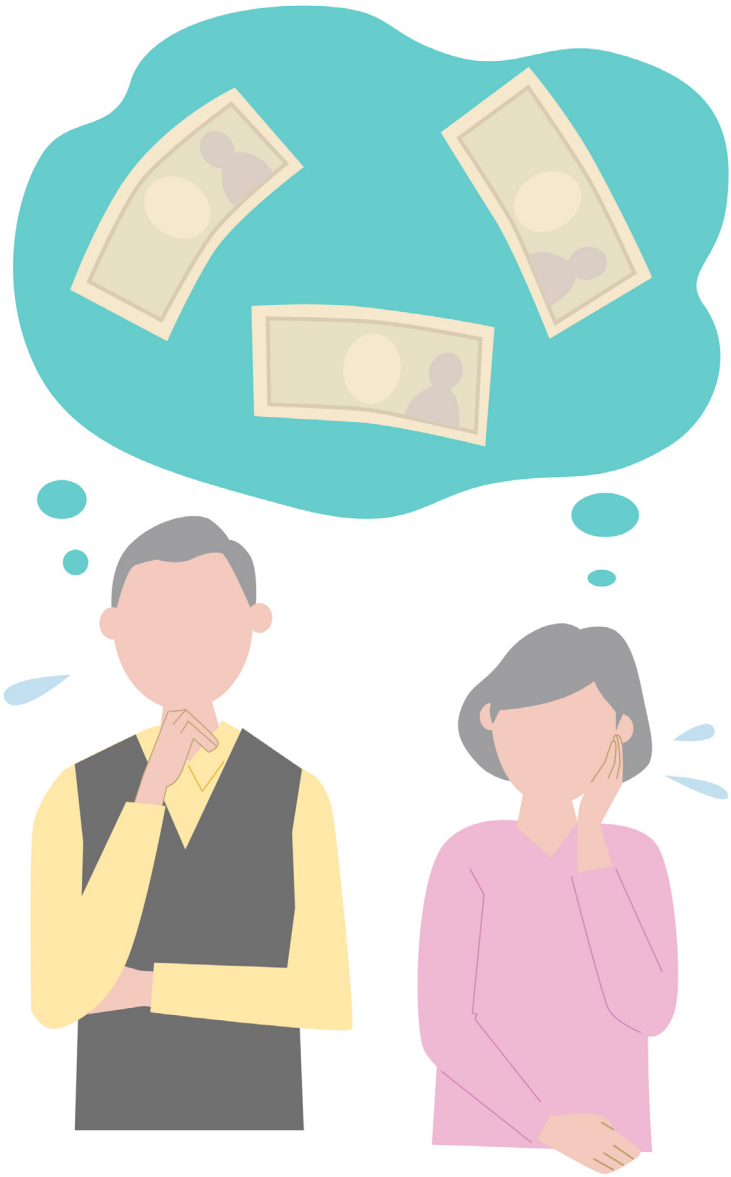
Make sure you get a breakdown of the costs. Examples of costs covered could include:

- buying and installing outdoor or indoor ramps if the person cannot use stairs
- enlarging halls and doorways to give the person access to the various rooms of their home
- lowering kitchen or bathroom cabinets so the person can use them

While these costs to renovate or alter a home to accommodate the use of a wheelchair may qualify as medical expenses under the conditions described above, these types of expenses related to other types of impairment may also qualify. In all cases, you must keep receipts and any other related documents to support your claim. Also, you must be able to show that your particular circumstances and the expenses meet all of the conditions.

The RRSP Home Buyer's Plan: If you become disabled with mobility or other issues and have to move from your current home to a more accessible home, you will be considered a first time homebuyer for the purposes of accessing money from your RRSP to buy a home. You can

withdraw $35,000 per person from your RRSP without immediate tax consequences. You will be required to repay your RRSP over 15 years. The government will inform you how much you have to pay each year (1/15). If you don't contribute this money back into your RRSP when required, it will be added to your income in that year.[12]



12 https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan/participate-home-buyers-plan.html

Home Care

Home care is available on a part-time, full-time, or live-in basis, home care providers work closely with clients and their family – ensuring that they receive the care for their specific and unique needs. From housekeeping and companionship, to medical assistance for a disability or chronic condition – home care providers offer a variety of solutions, helping to keep seniors in their own homes.

Other names for home care include Community Nursing, Community Rehabilitation, End of Life Care.

Money Tip

Home care can be very expensive. Tax credits can help. It is possible to claim attendant care costs on the tax return[13]. This is possible as long as they are not your spouse and over 18. This means you can pay your 25-year-old niece or sibling to look after you, as long as they are not your dependant. You can also pay for attendant care outside the home at:

- **nursing homes for full-time care**
- **schools, institutions, or other places providing care or care and training**
- **outpatient care and detox clinics**

13 https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-33099-33199-eligible-medical-expenses-you-claim-on-your-tax-return/attendant-care-care-a-facility.html

Private in-home care can be costly with Personal Support Workers costing about $20-$30 an hour and nursing care costing between $25 and $75 per hour. If you qualify, a wide range of services are available and paid for by the provincial government. Or, there may be co-payment. In addition, there may be private care options.

There may be other benefits that are available to help you stay in your home. Use the Canadian Governments Benefit Finder Tool to discover programs to assist you. Here is a link:

https://srv138.services.gc.ca/daf/q?id=fd88d894-7356-43a9-a721-fa727fbe340c&GoCTemplateCulture=en-CA

But unless you qualify for a Disability Tax Credit, you will not be able to claim the full amount paid for a retirement home or seniors home. The amount that is claimable is for salary or wages. These claims can be quite complicated. CRA provides a chart to help you decipher the rules:

Claiming attendant and nursing home care		
Type of expense	**Certification needed**	**Can you claim the disability amount?**
Fees paid for full-time care in a **nursing home**	Form T2201 **or** a medical practitioner must certify in writing that you are, and in the foreseeable future will continue to be, dependent on others for your personal needs and care because of a lack of normal mental capacity.	You can claim the disability amount, if eligible, **or** these expenses, but not both.
Salaries and wages for attendant care given in Canada. This can include the part of the **nursing home** fees paid for attendant care that relate only to salaries and wages	Form T2201	You can claim the disability amount and up to $10,000 for these expenses ($20,000 if the person died in the year). For residents of Ontario, the provincial limit is up to $14,911 for these expenses ($29,823 if the person died in the year).
Salaries and wages for one full-time attendant	Form T2201	You can claim the disability amount **or** these expenses, but not both.
Salaries and wages for full-time attendant **at home** *Note:* This remuneration is subject to CPP, EI, and income tax withholdings, possible workers compensation. Also, annual T4 slips must be prepared.	Form T2201 **or** a medical practitioner must certify in writing that you are, and will likely to be for a long continuous period of indefinite duration, dependent on others for your personal needs and care because of an impairment in physical or mental functions and need a full-time attendant.	You can claim the disability amount, if eligible, **or** these expenses, but not both.
Salaries and wages for care or supervision in a **group home** in Canada	Form T2201	You can claim the disability amount **and** these expenses.
Care, or training and care, at a **school, institution, or other place** (such as a detoxification clinic)	Form T2201 **or** an appropriately qualified person must certify in writing that because of a mental or physical impairment, you need the equipment, facilities, or staff specially provided by that place for persons with the same type of impairments. *Note:* An appropriately qualified person includes a medical practitioner, the principal of the school or the head of the institution or other place.	You can claim the disability amount, if eligible, **and** these expenses.

Property Taxes

Many municipalities have programs where low-income seniors can receive rebates or credits on their property taxes or utilities. Be sure to investigate if your town or city offers these discounts to help you afford to stay in your home longer. For example, the Ontario Trillium Benefit a program that helps low- medium income residents pay for energy costs, sales and property tax[14].

Reverse Mortgage or Line of Credit

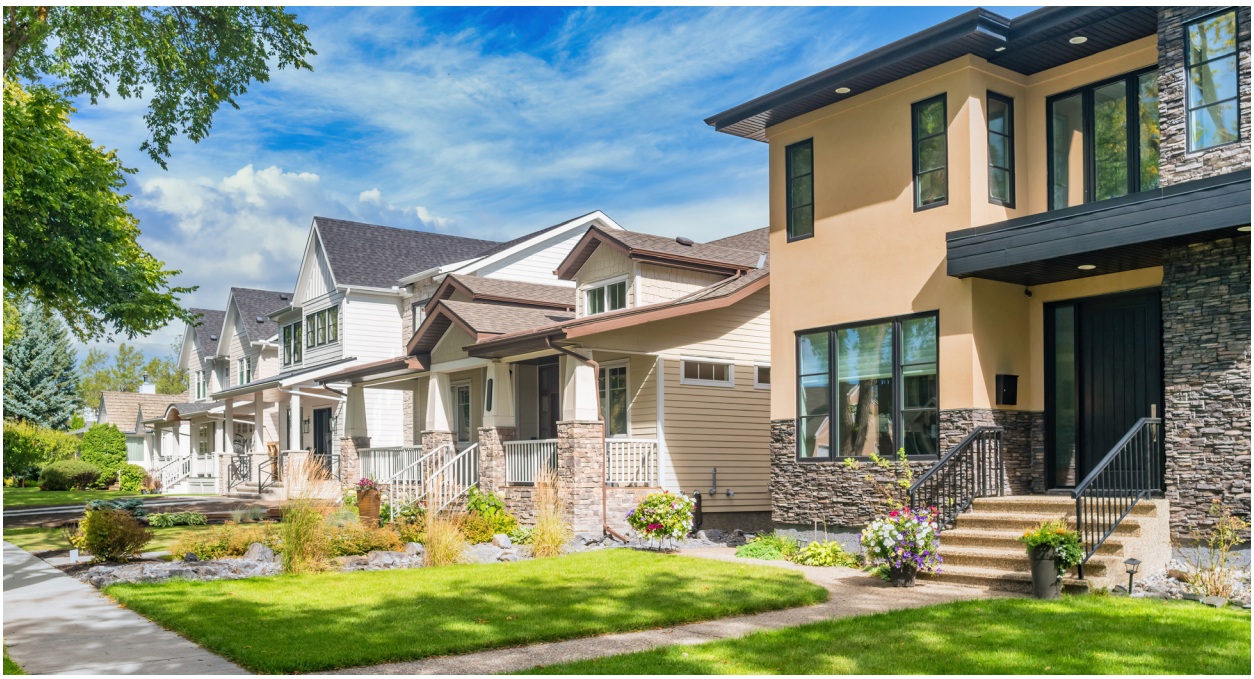
If you find that you need to hire in-home help, you can access the equity in your home through a Home Equity Line of Credit (HELOC) or a Reverse Mortgage (cross reference to Reverse Mortgage in the Budgeting Module).

Money Tip

Both of these financial strategies will cost you money (interest) but they will allow you to access cash to help pay for assistance in your home if you need it – or even to make renovations to make your home safer – or to pay someone to help out with maintenance if you need assistance.

Insurance

If someone is terminally ill, it is possible to access tax free cash in some insurance policies to pay for attendant care costs, repairs, etc.[15]



14 Resource: https://www.ontario.ca/page/ontario-trillium-benefit#section-2

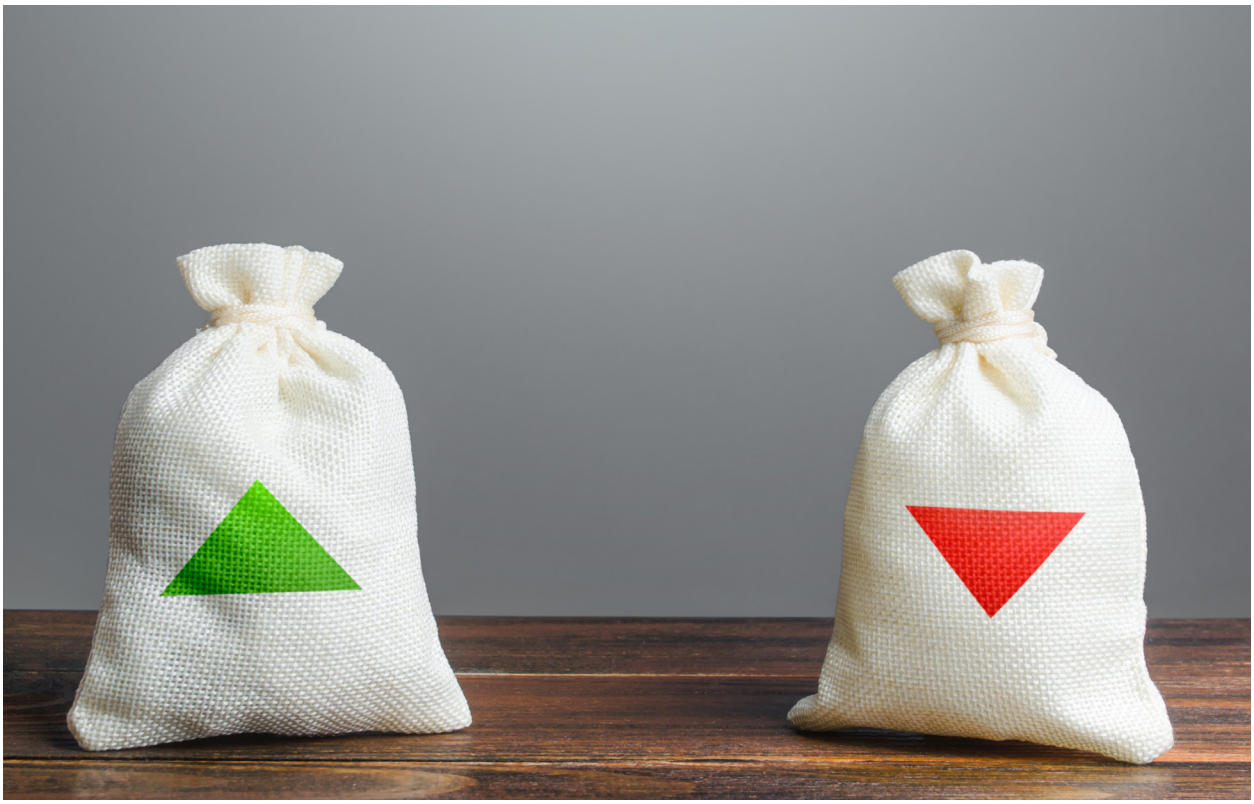
15 https://moneywise.ca/insurance/life-insurance/life-insurance-accelerated-death-benefit

Pros and Cons to Getting Into Debt In Your Senior Years

If you are going to get into debt in your senior years, there are a number of considerations for you to think about.

There may also be some creative alternatives to living on your own. See the section on Alternative Living Arrangements, below, and the module on Borrowing.

Pros	Cons
Access to cash to help with living costs or one off purchases (vehicle or vacation)	Debt re-payments – can you afford them with limited income sources?
Increased liquidity based on assets (i.e. house)	Loss of value of assets
Tapping into built up equity	Lower amount to pass on to loved ones as your debts will need to be paid out of your estate on your death
Convenience	High credit card interest rates – pay your credit cards off in full every month



Retirement Living

If you have finally come to the point where you need – or want – retirement living – there are many different types to consider.

Residential Care Facilities

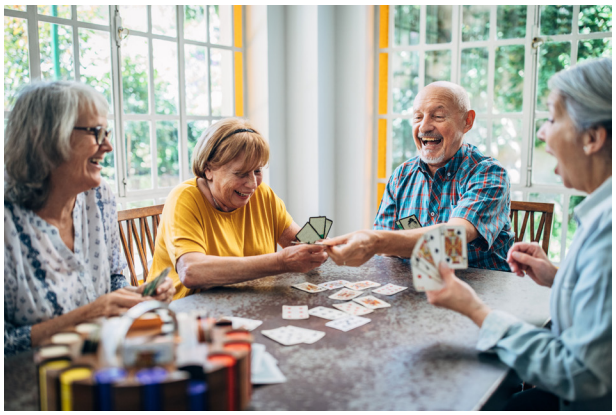
Of the 500,000 Canadians living in residential care facilities, the vast majority (425,000) live in either nursing homes (also known as long-term care homes) or seniors' homes (also known as retirement homes or assisted living facilities) (Statistics Canada, 2016). These facilities in particular have been devastated by the COVID-19 pandemic in Canada.

During the first wave of the pandemic (March through August 2020), residents of nursing and seniors' homes accounted for more than 80% of all reported COVID-19 deaths (Canadian Institute for Health Information, 2020). Infections among staff at these facilities represented more than 10% of the country's total cases (9,500 cases, including 9 deaths) (Canadian Institute for Health Information, 2020).

By mid-December (partway through the second wave that lasted from September 2020 through February 2021), there were about 44,000 cases and 9,200 deaths in nursing and seniors' homes (Public Health Agency of Canada, 2020). As of early March 2021, reports indicated that nursing and seniors' homes continued to account for the greatest proportion of outbreak-related cases and deaths, representing about 7% of all cases and more than 50% of all deaths (Public Health Agency of Canada, 2021a, 2021b).

In addition to the health risks of institutional living, there are the costs to consider. According to the Financial Consumer Agency of Canada the average rent for bachelor units and private rooms that include at least one meal is $2,210 per month. But the cost of seniors' residences varies across Canada and depends on the type of services you receive. Let's review the different types of retirement living,

the services offered and the potential costs.



Independent Retirement Living

Independent living communities are designed for healthy, active seniors who do not need assistance with activities of daily living such as grooming, personal care and eating. This type of living can range from luxury communities that offer gourmet dining and golf courses to age restricted apartment or condominium complexes for older adults. These communities are typically private pay and offer optional services such as housekeeping, meals and laundry.

Typical independent living features include:

- Apartment-style one to two bedroom units in a community setting
- Convenient location to retail shops and recreational activities
- Community features like gardens, pools, golf courses, hair salons and fitness centers
- Options for housekeeping, meals, laundry and transportation

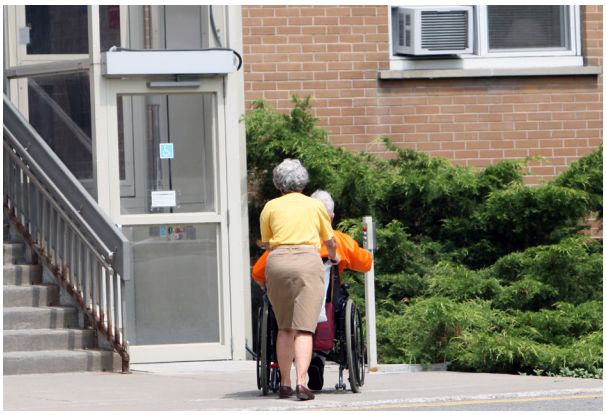
These types of homes are mostly private pay. Depending on the location, community and amenity options, costs can range from $1,400 to $3,500 per month. But it depends on where you live and what type of services you get. They can be as high as $8,000 a month in Ontario.

Assisted Living

Assisted living communities provide supportive housing and care to seniors who need some assistance with daily tasks, but who do not require the skilled care provided at a long-term care home. Assisted living is a viable option for adults who are mostly independent, but who require some assistance with day-to-day living, or anticipate needing assistance in the near future.

Assisted living communities come in all shapes and sizes. They can be towering apartment buildings in urban

centers, sprawling complexes in the suburbs or more intimate communities catering to a relatively small number of residents, and can be found in most Canadian cities. Residents live in private one-to-two-bedroom apartments, studios or "bachelors units." Meal-service is included, so kitchenettes are more typical in assisted living units than full kitchens.



Assisted living accommodations can be subsidized or paid through private pay. Costs will range from $1,500 to $5,000, depending on location of the community, amenity options, and if medical or health services are needed.

Assisted living costs are dependent on a number of factors:

- Level of luxury
- Location
- Services required
- Size of apartment
- Type of residence

Assisted living communities often charge a flat rate that covers many basic services, with additional fees for special services. Other communities will charge a fee for each service on an "a la carte" basis, allowing residents to pay only for services they use. In addition to these charges, entrance fees and deposits may also be required.

Residential Care Homes

Residential care homes are traditional private homes that have been adapted to provide assisted care services for a smaller group of residents, usually no more than 15. These homes offer a more intimate, home-like community feeling, and offer both short-term and long-term care.

Other Names for Residential Care Homes: Adult Family Home, Adult Foster Care home, Family Care Homes, Care Homes, Group Home, Personal Care Home, Residential Care Home Services. Residential care homes offer a level of care that varies widely from home to home, but in general, live-in caretakers prepare meals and provide assistance with activities of daily living.

Some residential care homes employ, or are operated by, nurses,

and can offer care comparable to that in a nursing home, often filling the gap between independent living and nursing homes. There are also residential care homes that specialize in memory care.

Typical residential care home services include:

- Private or semi-private rooms,
- Daily home-cooked meals
- Housekeeping and laundry service,
- Medication management,
- Social programs and activities
- Transportation to appointments and events

Living in a residential care home can be more affordable than assisted living care, depending on the situation. However, costs can vary depending on the geographical location of the residential care home, as well as the types of services needed. Costs can range anywhere from $1,500 per month to $4,500 each month, and dementia care can cost even more.

Money Tip

Eligible medical costs you can declare on your tax return can include attendant care. Attendant care is care given by an attendant who does personal tasks which a person cannot do for themselves. This includes care in certain types of facilities[16].

16 https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-33099-33199-eligible-medical-expenses-you-claim-on-your-tax-return/attendant-care-care-a-facility.html

Memory Care

Seniors with dementia or Alzheimer's disease require special care typically referred to as memory care.

Think About It

In 2016 there were 565,000 Canadians with some form of dementia. By 2031 this will jump by 66% to 937,000. According to the Ontario Long Term Care Association, 90% of LT care home residents have some form of cognitive impairment. 64% have dementia.

Memory care accommodation is usually provided in a secure area of an assisted living community or long-term care home (also called a nursing home), most often on a dedicated floor or in a designated wing.

The secure aspect of memory care communities prevents residents from wandering off and becoming lost, which is a common and dangerous symptom of Alzheimer's disease and dementia. The security usually takes the form of alarmed exit doors rather than locked exit doors.

Residents usually live in apartments, private or semi-private rooms. They participate in structured activities conducted by staff members specifically trained to care for those with Alzheimer's disease and dementia.

Other Names for Alzheimer's Care / Dementia Care are:

- Alzheimer's Care
- Alzheimer's Special Care Unit
- Memory Care
- Alzheimer's Care / Dementia Care Services

Dementia care offers round-the-clock care, along with activities and health management for residents. Typical memory care services include:

- Private, or semi-private rooms,
- Three daily meals,
- Housekeeping and laundry service,
- Medication management,
- Exercise and physical therapy programs,
- Social programs and activities,
- 24-hour staffing and personal assistance

Memory care requires a higher level of care, a higher caregiver to resident ration and all staff must have additional training in dementia care to ensure the safety of all the residents. While cost does vary widely by community, prices tend to run from $3,000 to $7,000 per month.

Where costs fall within that range will depend on the following factors:

- Geographic location of the facility
- Level of care needed
- Room size and level of privacy

Government Subsidized Options

There are a number of accommodation options for seniors that can be subsidized by the government.

Supportive housing. This is essentially the lightest form of assisted living, and often subsidized by the government. Tenants generally pay a fixed portion of their annual income to cover the rent and have access to assistance from on-site staff on an as-needed basis. While there are similarities between supportive housing and assisted living, generally speaking, supportive housing residents need light assistance a few times a week, rather than moderate daily assistance.

Long term care homes. According to the 2016 Census, 6.8% of Canadians aged 65 years and older were living in a nursing home or long-term care residence or residence for senior citizens this proportion jumps to 30.0% among Canadians aged 85 years and older.

All long term care homes are regulated and funded by provincial government agencies. Each has to have a licence and follow their provincial legislation. The government sets the rate for the residents which covers staff, supplies related to nursing, personal care, social and recreation programs and support service and food for meals. Residents pay an accommodation fee that pays for non-care staff, and overhead costs.

There are not for profit LT care homes, private for-profit homes and municipal homes. In addition to medical care, long-term care homes provide residents with a range of services, including:

- Private, or semi-private rooms,
- Three nutritious meals per day,
- Housekeeping and laundry service,
- Exercise and physical therapy programs,
- Social programs and activities,
- 24-hour staffing and personal assistance,
- Medication management
- Pain management and hospice care assistance

The cost of long-term care varies by province. Rates are set by the government – in Ontario cost ranges from basic care at $1,850 to $2,280 for a semi private room to $2,701 for a private room – if someone can't afford basic care they can receive a subsidy from the government. How much they pay depends on private or shared room, new or old home. There could also be additional costs[17].

For more information on seniors' accommodation visit the FCAC's website:

https://www.canada.ca/en/financial-consumer-agency/services/retirement-planning/cost-seniors-housing.html#toc0

You can find out more about the cost of senior's housing in your province or territory in the Canadian Mortgage and Housing Corporation's (CMHC) Seniors' housing reports.

Money Tip

Take the time to discover the cost of different living options in retirement. Then consider your budget to fund these options.

- **Independent Retirement Homes $1,400 - $3,500/month**
- **Assisted Living $1,500 - $5,000/month**
- **Residential Care Homes $1,500 - $4,500/month**
- **Memory Care $3,000 - $7,000/month**
- **Long-Term Care $1,850 - $2,650/month**
- **Home Care – PSW $20-$30/hour**
- **Nursing Care $25-$75/hour**

17 Source: https://www.aplaceformom.com/planning-and-advice/articles/canada-seniors-housing-guide
Source: https://www.oltca.com/OLTCA/Documents/Reports/TILTC2019web.pdf
Source: https://www.moneysense.ca/columns/ask-a-planner/the-costs-of-long-term-care-and-how-to-insure-against-them/
Source: https://retirehappy.ca/understanding-long-term-care-insurance/

Paying For Accommodation

Housing can be expensive as you age and need more support. There are a number of financial solutions you can consider to help pay for the costs.

Long term care insurance

This type of insurance pays the insured a weekly or monthly income if they cannot do two of the six activities of daily living (ADL). ADLs are (for the most part): Bathing, Dressing, Transferring, Toileting, Continence and Feeding. Long term care insurance plans help you stay at home and hire private care to come to the house or you can use the payment to pay or help pay the rent for a long term care facility. It is very difficult to determine how much coverage to buy and if the high cost is worth it. If you have long term care insurance and never need the assistance (due to good health or sudden death) the benefit may never be paid despite the costs.

In Canada today there are many types of plans provided by many companies. It is important to compare definitions of when the benefits are paid, guarantees on the premiums you pay for the plan, payment options, duration of payments as well as benefit types (comprehensive or facility). Comprehensive typically means the benefit is paid no matter where the insured is living and Facility means the benefit is paid if the insured is receiving care in a long term care facility.

Critical illness insurance

Critical illness insurance provides a lump-sum payment if you develop one of the policy's covered critical illnesses (cancer, heart attack, and stroke being the most common). Types of dementia, including Alzheimer's, are generally covered, though the policy may have an exclusion if there is a history of dementia in the family. Many critical illness policies have a term to age 65 or 75, although lifetime policies are available that last throughout retirement.

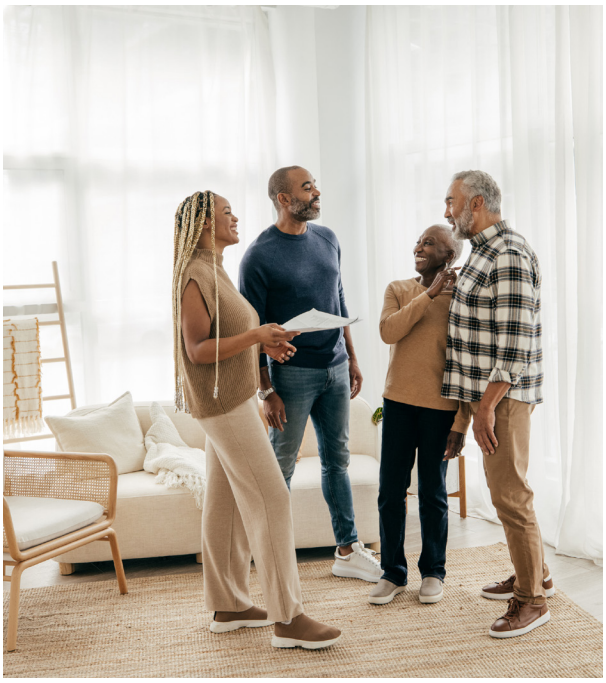
One restriction of a critical illness policy is that a long-term care need that arises because of a non-covered condition will not result in a benefit being paid out. However, when a benefit is paid, the insured can use it however they want.

Disability insurance

This is typically used to replace an income so it is definitely a must have if you are still working and relying on your regular employment income.

Home Equity

As mentioned earlier, many seniors have built a lot of equity in their homes. You could sell your home and use the profit to pay for your choice of retirement living. You could consider a line of credit to generate some cash to pay for in house care. Or, you could consider a reverse mortgage that also generates cash which could help you stay in your home longer.



Savings

Another option is to simply have a savings/investing bucket for health care. It's hard to know how much you will need to save to cover your accommodation costs as you age, but at least if the money set aside isn't used for elder care costs, it could be used for another purpose or flow through to your loved ones once you pass away.

Life Insurance

If someone is terminally ill, it is possible to access tax free cash from term life insurance policies that have an accelerated death benefit rider. An accelerated death benefit rider will allow a terminally ill policyholder to receive some of the money while still alive. For example, you might be eligible to receive up to half the payout if you can show you have 12 months or less to live. This money can be used to pay for attendant care costs, home renovations to accommodate the patient, repairs, etc. Adding the rider to your policy doesn't usually cost anything[18].

Policy loans may also be available.

18 https://moneywise.ca/insurance/life-insurance/life-insurance-accelerated-death-benefit

Alternatives: New Concepts Evolving For Seniors Living

As the baby boomers age, they have come up with some unique ways of creating affordable living that provides a balance of privacy, companionship and affordability. Many of these creative accommodation solutions involve shared living for widows or widowers. In fact, losing a spouse was a significant predictor of an individual transitioning to either a nursing home or seniors' residence.

Think About It

Widows/widowers had more than four times the odds of living in nursing homes or seniors' residences.

As an alternative, shared living is a growing way for retirees to grow old with companionship and care.

- Living with other independent adults
- Living with siblings
- Living with children

Living with other independent adults. Consider two examples here

Abbeyfield Homes are not-for-profit, registered charities run by volunteers that typically house up to 15 or so independent seniors. Abbeyfield's core mandate is to provide affordable accommodation and companionship for local seniors.

The first Abbeyfield House was founded in England in 1956 by retired British Major Richard Carr-Gomm, in response to the profound

human loneliness he saw. Since then hundreds of Abbeyfield Houses have formed around the world. Abbeyfield Houses Society of Canada was established in 1985 with the first home in British Columbia. There are currently more than 20 Abbeyfield Houses across in Canada. Each home provides its residents with a bedroom and ensuite while there are shared spaces for meal time and socializing. A house co-ordinator does the shopping, cooking and cleaning. Abbeyfield homes balance companionship when you want it, privacy when you need it, security within a community and affordability at non-profit rates.

Another example is Golden Girl (or guy) living where a group of women live together like the television show. A Golden Girls Home is a home shared by mature adults. Sometimes it's two women sharing an apartment; sometimes it's four women and men sharing a house. Each house develops its own culture and style, and each member makes the house feel like a home. There are programs to help you find an appropriate living arrangement[19].

19 Resource: https://goldenhomesharingconnections.ca/

Living with siblings in old age

If you are planning on buying a home with a sibling, realize it is different than buying a home with a spouse. You will likely want to buy the home as "tenants in common" so each sibling is able to leave their investment in the home to their heirs – instead of it rolling over to the other sibling (which is "joint tenancy"). Independent legal advice is strongly advised when buying any property with anyone other than your spouse[20].

Living with your children

Another alternative to institutional retirement living is to live with your kids. Help your kids buy a house with separate living quarters. They might appreciate the financial assistance as well as help from the grandparents.

20 https://www.thestar.com/life/homes/2016/04/02/siblings-want-to-buy-a-home-together.html

Money Tip

- Access various government support programs to help you stay in your home as long as you can. (Property tax rebates etc.)
- Take advantage of various tax credits to help pay for the costs of staying at home. (Home improvement credits etc.)
- If you move into a retirement home, check with a tax expert to determine if - and how much – you can deduct certain costs as medical costs on your tax return.

Action Item

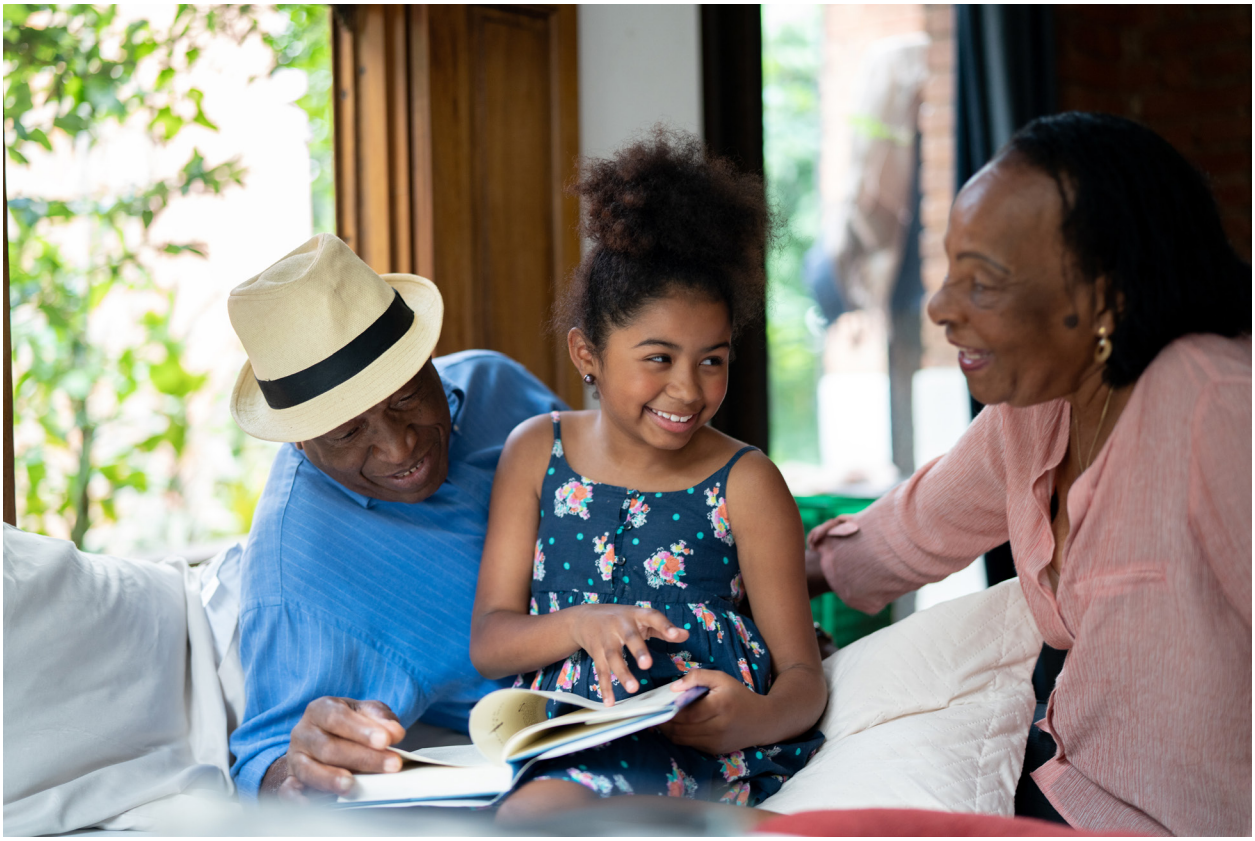
- Review your finances and your budget to see how much you can pay for retirement living – when the time comes to move from your home or to access help.
- Learn about the different types of care before you may need them.
- Speak with a tax expert to understand all the various tax credits and programs seniors may have access to.

CONCLUSION

The location of your "home" will likely change as you age, depending on your lifestyle, your health and your relationships. Along your vibrant lifecycle from 50 to 100 there are many milestones that can affect where you live:

- As your children age and you become empty nesters, you may think about downsizing.
- As you retire from full-time work, you may think about moving into a more rural slow-paced setting compared to a busy city life.
- As you age and you want to do less property maintenance, you may consider moving to a retirement community.
- Or, if your health starts to fail you may consider nursing or long term care.

Whatever pathway your retirement life circumstances take you down, your home is still your castle and important reflections in advance, can help you make better decisions when the time comes to change where and how you live.



SUMMARY CHECKLIST: What You Have Learned

Downsizing

1. Empty nesters often consider downsizing – whether from a large apartment they have been renting to a smaller one, or from a home they own to a cottage or condo.

There are pros and cons of living in a smaller home. What are they for you? And, how will you invest the tax free capital gains you may have earned when you sold your principal residence? These are important personal and financial decisions to discuss with your family and financial advisors: lawyers, tax accountants and financial advisors all may be involved to help with these transactions.

Moving to the Country

2. Many people dream of moving the country or cottage when they retire. While there are lots of benefits to getting out of the hustle and bustle of city life (including lower costs) there are risks to consider as well: isolation, access to healthcare and other services city dwellers take for granted. Do you know what the pros and cons are for you?

Living On Your Own

3. As you age, there may be risks to living on your own: health, mobility, security, isolation, and the risk of funding this lifestyle if costs of home ownership rise. If you want to stay in your house, but need some extra money to fund this choice, you can consider a Reverse Mortgage to help pay the bills.

Retirement Living

Retirement living means different things to different people. It could mean retiring and living at home as long as possible. It could mean selling your house and moving to an exclusive retirement community with a variety of services and programs available. Or, it could mean moving into a long term care facility as your health declines. Be sure to look at all the costs and your ability to pay them before you sign an agreement for the retirement home you choose.

Long Term Care or Assisted Living Facilities

There are many types of long term care or nursing homes available. Make sure you ask important questions when evaluating if a home is the right choice for you.

Alternatives: New Concepts Evolving for Seniors Living

There are many types of alternative types of living as you age from shared accommodation like an Abbeyfield House to living with friends to buying a house with a sibling. Be sure to get independent legal advice if you are buying with another person that is not your spouse.

ACTION PLANS: How To Use Your New Knowledge

There are so many choices when it comes to retirement living. You need to start planning early to ensure you can afford the type of care you need. Speak with a financial advisor to review your retirement income plan to ensure you are on the right track.

Tips and Suggestions

- If you want to stay in your home as long as possible be sure to access various government support programs that will help including property tax rebates, renovation tax credits, medical tax credits and other tax credits.
- If you are living alone, be sure to budget for social activities so that you are not isolated.
- Protect yourself from scammers by never giving out your personal information to anyone you don't know.
- If you are considering a reverse mortgage or home equity line of credit to help you stay in your home, be sure to consider the costs and the impact on your estate.
- If you move into a retirement home, check with a tax expert to determine if - and how much – you can deduct certain costs as medical costs on your tax return.
- As you plan for retirement living, be sure to get advice from your financial advisor and your accountant to ensure your financial plan will meet your needs.

Glossary of Terms

Assisted Living: These types of retirement homes provide supportive housing and care to seniors who need some assistance with daily tasks, but who do not require the skilled care provided at a long-term care home.

Capital Gains: The amount of profit you have made after selling an asset. At the time of writing, half of capital gains are included as income for tax purposes. There are some exceptions, such as the eligible tax exempt gains on the sale of a principal residence.

Critical Illness insurance: Critical illness insurance provides a lump-sum payment if you develop one of the policy's covered critical illnesses (cancer, heart attack, and stroke being the most common).

Disability Insurance: This is a type of insurance typically used to replace an income so it is definitely a must have if you are still working and relying on your regular employment income.

Home care: When someone comes into your home to provide attendance services. From housekeeping and companionship, to medical assistance for a disability or chronic condition – home care providers offer a variety of solutions, helping to keep seniors in their own homes.

Home Equity: The amount of value you have in your home if you sell it. (The sale price less expenses and any debt owing on it).

Home Equity Line of Credit (HELOC): This is a loan using your house equity as collateral. You must pay interest on the loan each month.

Independent Living: These retirement communities are designed for healthy, active seniors who do not need assistance with activities of daily living such as grooming, personal care and eating.

Long term care homes: Also called nursing homes, long term care homes are for seniors who need extensive support with medical care and daily living. All long term care homes are regulated and funded by provincial government agencies. Each has to have a licence and follow their provincial legislation. The government sets the costs for care.

Long term care insurance: This type of insurance pays the insured a weekly or monthly income if they cannot do two of the six activities of daily living (ADL). ADLs are (for the most part): Bathing, Dressing, Transferring, Toileting, Continence and Feeding. Long term care insurance plans help you stay at home and hire private care to come to the house or you can use the payment to pay or help pay the rent for a long term care home.

Memory Care: Seniors with dementia or Alzheimer's disease require special care typically referred to as memory care. Memory care accommodation is usually provided in a secure area of an assisted living community or long-term care home (also called a nursing home), most often on a dedicated floor or in a designated wing.

Principle Residence Exemption Rule (PRE): The principal residence exemption is an income tax benefit that generally provides you an exemption from tax on the capital gain realized when you sell the property that is your principal residence. Generally, the exemption applies for each year the property is designated as your principal residence.

RRSP Home Buyers Plan: This is a government program that allows first time homebuyers to withdraw $35,000 from their RRSP without immediate tax consequences. If you become disabled with mobility or other issues and have to move from your current home to a more accessible home, you could be considered a first-time homebuyer for the purposes of accessing money in RRSP to buy a home.

Residential care homes: These are traditional private homes that have been adapted to provide assisted care services for a smaller group of residents, usually no more than 15. These homes offer a more intimate, home-like community feeling, and offer both short-term and long-term care.

Reverse Mortgage: A reverse mortgage is a loan that allows you to get money from your home equity without having to sell your home. This is sometimes called "equity release". You can borrow up to 55% of the current value of your home. You pay back your loan when you move out of your home, sell it or the last borrower dies. This means you don't need to make any payments on a reverse mortgage until the loan is due. You will owe more interest on a reverse mortgage the longer you go without making payments. At the end of your loan term, you may have less equity in your home.

Supportive housing: This is essentially the lightest form of assisted living, and often subsidized by the government. Tenants generally pay a fixed portion of their annual income to cover the rent and have access to assistance from on-site staff on an as-needed basis.

Resource Links

FCAC Housing Options for Seniors
https://www.canada.ca/en/financial-consumer-agency/services/retirement-planning/cost-seniors-housing.html

https://www.aplaceformom.com/planning-and-advice/articles/canada-seniors-housing-guide

Important Research About Late Life Transitions To Seniors Residences And Nursing Homes: 2016 Census
https://www150.statcan.gc.ca/n1/pub/82-003-x/2018005/article/54966-eng.htm

Provincial Tax Credit Programs:
https://www.taxtips.ca/filing/home-renovation-tax-credits.htm

Assistance for Depression
Source: https://mdsc.ca/docs/MDSC_Quick_Facts_4th_Edition_EN.pdf

Fraud Protection
Get Cyber Safe: https://www.antifraudcentre-centreantifraude.ca/protect-protegez-eng.htm

Updates on Breaking Tax and Investment News
Knowledge Bureau Report. Complimentary subscriptions to this financial enews letter available www.knowledgebureau.com