

RETIREMENT

Missing payments highlight need for seniors to prepare financial plans

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Aging parents must make sure their finances, will, and power of attorney are settled long before it's needed.

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When an annuity of almost a thousand dollars a month stopped coming in to Neil Hewton's 94-year-old mother, she just thought it was supposed to end.

It was only months later, when her son had to take over her finances after a health scare, that he caught the strange cut-off in payments.

“It’s kind of flukey that I even caught it,” said Hewton, who noticed it while trying to get a handle of her accounts.

He said he followed up with Desjardins Insurance and was told they had sent a letter that his mother hadn’t replied to, so they assumed she had died.

As Canada’s population ages, more children will be thrust into a reversed role of looking out for their parents and their finances, and will have to be on guard for a wide range of issues like missing payments.

Hewton said he’s angry that more wasn’t done to follow up with his mother, and wonders how many others have had payments cut-off that they haven’t noticed.

“These companies don’t follow up, because they don’t want to.”

Desjardins said it doesn’t comment on individual cases, but said its process is to send letters to annuitants every two years to confirm information.

If it doesn’t hear back after 60 days, Desjardins policy is reach out by other means including e-mail and phone, as well as potentially to the person’s financial representative or someone else they know, said spokesman Jacques Bouchard. If it can’t reach anyone, payments are suspended.

While Hewton’s issue was resolved, Canada is only starting to grapple with the wider issue of financial management as the country ages, said Stuart Small, a financial security adviser at Continuum II Inc.

“The front wave of the baby boomers just turned 75, so we haven’t seen anything yet...This is just the tip of the iceberg, this is just the beginning.”

Adults worried about their aging parents should keep an eye out for things like missed bills or confusion about finances as warning signs that their parents may need help, said Small.

He said any conversations about managing finances should be approached delicately.

“Aging parents, no matter what issue they’ve got, they still have feelings, no one wants to be walked all over, no one wants to feel like they’re being told what to do or taken charge of.”

When potentially taking over someone’s finances it’s important to build a support team with legal, financial and others to provide advice, said Small.

It's also crucial for family, including siblings, to keep open conversations throughout the process, he said.

“Communication and transparency go a long, long way to thwarting issues and concerns later.”

When taking over finances, the person with power of attorney should have a full understanding of expenses, income, accounts, and mortgages to make sure items aren't missed, he said.

Early planning is crucial, said Marissa Lennox, chief policy officer at the Canadian Association of Retired Persons, not only to avoid problems with banks, but to safeguard from the financial elder abuse that is most often perpetrated by adult children.

“While a senior is still in charge of their finances, it is so critical that they make sure they choose a person to be their power of attorney that they can trust beyond any doubt.”

An aging parent can assign power of attorney to a trusted child and still go on managing all their finances independently, with the backup in place and ready to go, she said.

Hewton had asked his mother to prepare her financial affairs, but like many she had put it off, making for a stressful process when he needed power of attorney to look into issues like the missing payments.

“When the time came and I thought she was going to die, and I'm looking at this stuff, it was like pulling teeth.”

He urges aging parents to make sure their finances, will, and power of attorney are settled long before it's needed.

“You're leaving your loved ones in a state of shock, for one, and then they have to deal with this mess, and it can be overwhelming.”

Fortunately his mother recovered, and the payments were restored, but he's still angry that the payment was cut off after so little.

“That's what gets my back up, is that this is not just done by mistake,” said Hewton.

“To just cut someone off from their money, and they don't even know it.”

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