Wealth Manager-Planning with aging parents in mind

* 1 in 10 boomers supporting a child also supports parents

* Dual support can lead to worries about retirement
* Early planning can help ease financial, emotional stress
* Tax credits can help, long-term care insurance an option

By John McCrank

TORONTO, Jan 14 (Reuters) - With Canadians living longer and having children later, many families are finding themselves in the position of having to parent their parents along with their kids.

The role reversal can prove difficult for everyone involved and a long-term plan -- including how to pay for it -- is needed long before a crisis hits, financial planners say.

"Care-giving is definitely a big topic in someone's overall financial plan," said Rosemarie McKinnon, a certified financial planner with Investors Group in Guelph, Ontario, "because at some point in your life, whether you realize it or not, you are going to have to take care of someone. That's the reality."

One in 10 baby boomers in Canada who are still supporting their children also provide some type of support to their aging parents, according to a recent study by Investors Group, a unit of IGM Financial Inc (IGM.TO).

Four in ten of those "sandwich boomers" said they've had to reduce the amount they invest for retirement, and a quarter were worried that the financial assistance they provide would jeopardize their own retirement security.

One-third said they had to cancel or postpone travel plans and an equal amount said they were not able to focus on their own hobbies and interests.

Karin Mizgala, a certified financial planner and co-founder of the Women's Financial Learning Centre in Vancouver, said she brings up the topic of aging parents in her first meeting with new clients.

"It's essential to address this issue right up front as the financial, emotional or time commitment impact of caring for aging parents must be built into their financial plan," she said.

While it can be difficult to talk about money with one's parents, especially in the context of aging, clients need to get a sense of their parents' financial capacity and their preferences for the future.

Mizgala said advisers should encourage clients to initiate discussions before their parents turn 65.

Some questions they might ask include:

- Do they have enough money to cover medical expenses, the costs of home care or a retirement home?

- Do they have a retirement community in mind?

- Would they like to live nearer to you or other family?

- Do they have up-to-date wills, powers of attorney and health-care directives, and know how to access the information quickly and easily if something does happen?

While some parents might be reluctant to discuss the possibility of long-term physical or mental limitations, they may also feel relieved that someone brought up the subject, said McKinnon.

She guides clients who need to provide support to their parents to tax credits available, such as medical disability or care-giver credits. If the parent is living with the client and is dependent, there are tax credits for that as well.

"It's very important for an individual to look at that as far as their planning," she said.

Long-term care insurance can provide money for costs of medical care or home care, whether it's a couple of hours a day or whether it's round-the-clock service that's required, but it's something that can't wait until the last minute.

"I've seen people who have applied for long-term care insurance that weren't able to get it because they waited too long and their health was such that they weren't able to qualify," said McKinnon.

She recommends that clients who are considering long-term care insurance for their parents also look into it for themselves, beginning in their 40s.

By making plans early on for the chance that a parent may become dependent, individuals can save a lot of emotional and financial stress.

"A client's primary objective should be to maintain their parents' self-esteem and a degree of personal independence as they age," said Mizgala.

(Reporting by John McCrank; editing by Rob Wilson)