

CARING FOR THE FINANCIAL MATTERS OF A PERSON WITH ALZHEIMER'S DISEASE OR ANOTHER DEMENTIA

Adult Canadians are wise to make arrangements concerning their legal, financial and health affairs when they are well and able to make decisions regarding these personal matters. Keeping your will up to date and financial affairs in good standing are important first steps. Giving a trusted family member or friend an enduring power of attorney and naming a health care proxy are other important steps to take.

Enduring Power of Attorney

- An **enduring power of attorney** authorizes someone to manage the financial or legal affairs of the person transferring the power should the individual become incapacitated.
- The person transferring the power is called 'the donor' and the person receiving the power is known as 'the attorney'.
- General and specific powers of attorney are not advised for situations where the donor may experience cognitive decline because the granted power ends if the donor becomes mentally incapable.

Health Care Proxy

- A **health care proxy** has the power to make health care decisions on your behalf should you become unable to make decisions or speak on your own behalf.

Preparing these important documents shows that you wish to appoint a trusted person to manage your affairs if you become unable to do so.

Role of the Substitute Decision-maker

Other people diagnosed with Alzheimer's disease or another dementia may require immediate intervention and the assistance of the appointed attorney or health care proxy. The following are important principles that may guide the substitute decision-maker in performing their role:

- It is important that the substitute decision-makers reflect the values and preferences of the person for whom they are making decisions. Asking the question, "What would the person have done in this or a similar situation?" is an important step in carrying forward the life patterns of the person into every decision.

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- Being a substitute decision-maker is a very responsible position. The attorney and health care proxy are obliged to make their decisions in good faith and for the benefit of the person with dementia.
- Once the attorney has begun to act, they may not be able to step away from their responsibility unless there is an alternate named in the power of attorney document or permission is granted by the Court of Queen's Bench.
- The Canadian Privacy Act requires government departments, agencies and public organizations to hold information about Canadians in confidence. The attorney for an individual must present the power of attorney documentation in order to give or receive information about personal affairs. A spouse, who does not hold power of attorney, may not be granted access to confidential information.

The material presented in this factsheet is intended to provide general information only. Readers are advised that laws and regulations change periodically and that it is wise to consult the appropriate professionals for specific advice concerning any of the matters discussed in the remainder of this publication.

Ways to Assist a Person with Dementia

Taking these steps is especially important for a person diagnosed with Alzheimer's disease or another dementia, such as frontotemporal dementia, Lewy body dementia or vascular dementia. These progressive forms of dementia impair a person's ability to remember, communicate and make decisions.

People diagnosed with Alzheimer's disease or another dementia may be able to continue to participate in their legal, financial and health affairs following their diagnosis. Many individuals remain competent to grant power of attorney, name a health care proxy and do business independently or with minimal assistance for an extended period. The following are ways to assist the person with dementia to continue their involvement in their affairs:

- it is important to structure decisions so that choices can be dealt with in sequence and in a logical manner
- plan to hold meetings with advisors at the time of day when the person with dementia is most able and in a place where the person is comfortable
- before the meeting with the advisor, discuss the need to keep decision making focused and as straightforward as possible

By enabling the person with Alzheimer's disease or another dementia to participate in the management of their own affairs, the person's dignity is preserved and their choices are respected.

Management of the Person's Assets

- The attorney must keep records of all business transacted.
- The Powers of Attorney Act requires that the attorney provide an accounting to any person named as recipient of the accounting by the donor.
- When a person's estate is being settled, beneficiaries may require the attorney to provide records of prior business transactions. The courts may also require an attorney to provide an accounting.

In the course of caring for the business of a person with dementia, the attorney may need to seek the opinions of professionals such as accountants, financial planners, insurance brokers and lawyers. When consulting, it is important to understand that the advice that a professional can provide is dependent on the full disclosure of relevant information.

Maximizing Income and Benefits

Depending on the age of the person with dementia and their ability to manage their financial affairs, the attorney may need to assist the person or, on the person's behalf, ensure that all possible sources of income and benefits are accessed. This may include applications for:

- Old Age Security Pension
- Guaranteed Income Supplement
- Canada Pension Plan Retirement Pension
- Veterans Independence Program and other Veterans benefits
- Private Pensions
- Disability Insurance

A provision that may be helpful in increasing the income of the person with dementia and their caregiver is Involuntary Separation, a designation for income purposes only, under the Canadian Old Age Security Program. The program provides that when a person and their spouse or common-law partner receive the Guaranteed Income Supplement (GIS) and are living separately for reasons beyond their control, each individual can be considered a single person, resulting in a higher GIS payment. Information about Involuntary Separation and the forms required to apply can be obtained by calling Service Canada, Income Security Programs.

Advice about maximizing income and benefits can be sought from accountants, lawyers and benefit advisors at the person's former employer.

Caring for Expenditures

A person with Alzheimer's disease or another dementia may wish to have ongoing access to their financial resources for personal purchases and business matters. If the person remains able to act on his or her own behalf in a competent manner, this arrangement should be accommodated.

- Using direct deposit services for income and direct payment arrangements for recurring bills will assist the person to remain independent for a longer time period.
- When the person begins to act in a way that might jeopardize his or her financial security, the attorney should make arrangements that balance the varied needs of the person. Indicators that the attorney may need to become more active in the person's affairs include the person losing a sense of the value of money, failure to pay bills or the person using money in a manner inconsistent with prior habits.

Working with a Financial Institution

When the attorney begins to act, it is wise for them to make an appointment with the manager of the branch of the financial institution where the person's day-to-day financial resources are held. The attorney can engage the organization's representative in a discussion about the changes the person with Alzheimer's disease or another dementia is experiencing and the need for the attorney to become involved in the business of that person. If the financial institution is hesitant to accept the need for the attorney's involvement, the attorney may request a letter from the individual's doctor indicating that the person with dementia needs assistance.

In the attorney's initial meeting with the branch manager of the financial institution, provide the representative with the legally drawn power of attorney documentation. The financial institution personnel typically photocopy the power of attorney documents for file purposes. (A power of attorney granted by an individual for use at a specific financial institution becomes void once the institution's management becomes aware of changes in the person's capacity to do their own business.) The attorney and the financial institution staff can develop a plan that allows the person with Alzheimer's disease or another dementia to remain involved while protecting the person's financial assets.

Assets and financial instruments that require special attention include:

Personal Accounts

To provide the person with Alzheimer's disease or another dementia with some financial independence, consider having an account that contains a limited amount of money that the person can access.

- The person may use these resources as they choose, and if the funds are spent unwisely, all of the person's assets are not placed at risk.
- A standing order can be left with the financial institution allowing it to transfer a set amount of money to this account on a scheduled basis, or the attorney may manage this function on their own.
- The attorney can open a second account, to hold the majority of assets, to which the person does not have signing authority or that requires the signature of the attorney to accompany the signature of the person with dementia. It is not recommended that an attorney establish a joint account with the person with dementia.

If there are complex circumstances (i.e. the person with dementia or their spouse or partner has children from a prior relationship who are to receive bequests arising from decisions that predate the current relationship), legal guidance should be sought in the arrangement of the financial affairs so that designated assets remain identifiable.

Debit and Credit Cards

The person with Alzheimer's disease or another dementia may struggle with proper care and management of debit and credit cards. The attorney should review the cards and consider cancellation of services that could place the person or their assets at risk. An indicator that there is a potential for risk is the person's becoming unable to understand the importance of protecting their personal identification number and their credit card account number.

Investments

The attorney will need to manage the guaranteed investment certificates, mutual funds and stocks or bonds held by the person with dementia. If necessary, guidance can be sought from investment professionals. Options include engaging a fee for service financial planner who is paid by the client for the consultation, or working with a financial advisor whose remuneration comes from the company whose product is being sold. Because investment restructuring and disposition may have tax consequences, it is wise to consult an accountant before acting on the recommendation of a financial planner.

Registered Retirement Savings Plans, Registered Retirement Income Funds and Other Retirement Benefits

Financial resources held in either a RRSP or a RRIF continue to be administered in keeping with the Income Tax Act throughout a person's lifetime. A diagnosis of Alzheimer's disease does not impact the status of these plans. The attorney will work with the financial and accounting professionals and the company holding the plans to ensure that the financial needs and affairs of the person are cared for appropriately.

If a person with dementia is supported by another individual who is receiving retirement income, consultation with appropriate professionals is advised. Arrangements can be made to provide financial resources for ongoing care in the most practical and tax efficient manner should the person providing support predecease the person receiving care.

Real Property

The Homesteads Act provides that the family home, whether solely or jointly held, cannot be sold without the consent of both spouses. In the case of common-law relationships, consent is required from both parties if they have registered under the Vital Statistics Act, have lived together for three years or more or if they have lived together one year or more and have had children together. If one of the owners has dementia and the spouse is the attorney for the

affected person, the attorney cannot offer consent for the sale of the family home on behalf of the other spouse or partner. In light of this potential circumstance, the power of attorney document should cite an alternate attorney for sale of real property or approval of a sale must be sought from the courts.

Management of the Person's Income Tax

Canadians receiving income must file a tax return with Canada Revenue Agency (CRA) annually. The tax return of a person with Alzheimer's disease may be filed on the person's own behalf or by the person's legally appointed attorney. In order for the attorney to conduct business with CRA, the attorney must submit a copy of the power of attorney documentation and a completed T1013 form titled Authorizing or Canceling a Representative, prior to filing a return. If the attorney is using the services of an accountant to file the tax return, they may choose to authorize the accountant as a representative able to give and receive information.

The attorney may file the Income Tax return of the person with dementia using electronic or paper methods.

People with Alzheimer's disease or another dementia may qualify for the Disability Tax Credit. To apply for the credit, a qualified professional must complete a Disability Tax Credit Certificate (CRA Form T2201). (A list of professionals and the disabilities they can certify are noted on the Disability Tax Credit Certificate application form.) The person with the disability or the attorney may initiate the process of gaining the certificate.

Canada Revenue Agency forms can be obtained by calling the regional office of CRA or from the agency's website. When working with an accountant or tax professional, forms may be provided as a part of their service.

When filing income tax returns, the attorney should ensure that all medical expenses related to the care of the person with dementia are claimed. Expenses may be claimed on the return of the person with dementia or the return of the spouse or common-law partner. Examples of expenses that may be claimed include the cost of trips for medical appointments, medication, medical devices, cost of modifications to the residence, premiums paid for uninsured services, wages paid to care attendants and other care-related expenses. A non-refundable tax credit is available for family caregivers that meet certain criteria. Tax professionals or accountants can assist the care provider in maximizing these deductions.

Management of the Person's Insurance

Insurance protects people and property from a variety of risks. The attorney is responsible to make certain that the insurance needs of the person are covered.

Home and Personal Property Insurance

Depending on the place of residence of the person with Alzheimer's disease or another dementia, the attorney may need to provide property and liability insurance on the home and contents or the contents alone. If a person is absent from their home for a time period, it is important to check with the individual's insurance broker to ensure that their coverage stays in force. Unreported unoccupancy and/or vacancy of a home can void the entire policy. It is recommended that the attorney stay in contact with the person's insurance broker on a regular basis to keep them informed about the occupancy status of the person's home. Even if the home is temporarily occupied by another family member, changes to the form of coverage may be required to ensure that the policy remains in force.

Auto Insurance

Families may decide to have a vehicle licensed in the name of the person with dementia for use in the person's transportation, even though the person may no longer hold a valid driver's license. The attorney can sign the annual vehicle registration and purchase the required insurance.

Life Insurance

If a person with Alzheimer's disease or another dementia has a life insurance policy, it is important to keep the policy up-to-date, as it is difficult to reinstate a lapsed policy, especially for a person with a degenerative disease. The attorney should discuss the insurance coverage of the person with dementia with the insurance agent to investigate policy provisions, such as the disability waiver, that might apply.

Some life insurance policies have a critical illness clause that allows policy benefits to be paid out prior to the death of the insured, in order to provide care for the policyholder. The attorney can consult with the insurance company to determine whether the policy has a clause of this type and the requirements for accessing the proceeds.

Assistance for Care Providers

Through the **Employment Insurance Compassionate Care Benefit**, eligible workers who must be absent from work to provide care or support to a person having a serious medical condition, with significant risk of death within twenty six weeks, may receive benefits. Caring relationships for which benefits can be paid include: a spouse or common-law partner, a parent, the spouse or common-law partner of a parent, a child or a child of the spouse or common-law partner. For the purposes of this program, care or support is defined as: providing or participating in the care of the patient, or arranging for the care of the patient by a third-party care provider or providing psychological or emotional support to the patient. For more information contact Service Canada.

The **Manitoba Primary Caregiver Tax Credit** provides up to \$1,275 per year (\$1,020 before 2011) to a person who acts as the primary caregiver for their spouse, a relative, neighbor or friend who lives at home in Manitoba. The person requiring care must be assessed at Level 2 or higher under the Manitoba Home Care Program guidelines. To be eligible, the primary caregiver must be identified by the person receiving care and must not be paid to provide care to the person. The tax credit is designed to assist in covering caregiver expenses. For more information contact the Manitoba Tax Assistance Office.

Care providers can also access the benefits available through their work site employee assistance plans and private health care policies. For contact information on these services, see details below.

In Conclusion

It is strongly recommended that a person diagnosed with Alzheimer's disease or another dementia, their family, their health care proxy and their power of attorney discuss legal, financial and health matters as early as possible after a person has been diagnosed. Involving the person with dementia as much as possible in their ongoing decision making helps the substitute decision-makers reflect the values and preferences of the person in the decisions that will be made. Requesting advice from accounting, financial and legal professionals will help the person with Alzheimer's disease or another dementia and the power of attorney make decisions that are in the best interest of the person.

For information about the following services contact:

Employment Insurance Compassionate Care Benefit

Service Canada . . . (toll free) 1-800- 206-7218

Web site: http://www.servicecanada.gc.ca/eng/ei/types/compassionate_care.shtml#Who

Income Tax, Disability Tax Credit

Canada Revenue Agency . . . (toll free) 1-800-959-8281

Web sites: www.cra-arc.gc.ca; www.cra.gc.ca/disability

Old Age Security Pension, Guaranteed Income Supplement, Canada Pension Plan Retirement Pension

Service Canada . . . (toll free) 1-800-277-9914

Web site: http://www.servicecanada.gc.ca/eng/isp/pub/oas/oas_pension/index.shtml#who-can
www.servicecanada.gc.ca/eng/sc/oas/gis/guaranteedincomesupplement.shtml

http://www.servicecanada.gc.ca/eng/isp/pub/factsheets/cppretirement/index.shtml#Toc1_1

Veterans Independence Program and other Benefits

Veterans Affairs Canada . . . (toll free) 1-866-522-2122

Web site: <http://www.veterans.gc.ca/eng/services/veterans-independence-program>

Manitoba Primary Caregiver Tax Credit

Manitoba Government Inquiry: 1-866-626-4862 or Manitoba Health: 204-788-6646

Web site: www.gov.mb.ca/finance/tao/caregiver.html

For information on claiming this tax credit through the income tax system, contact the Manitoba Tax Assistance Office at 204-948-2115; 1-800-782-0771 toll free or e-mail TAO@gov.mb.ca

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The Alzheimer Society of Manitoba's mission is to alleviate the individual, family and social consequences of Alzheimer's disease and related disorders while supporting the search for a cure.