

CONVERSATIONS ABOUT FINANCES AS WE AGE

November 28, 2018

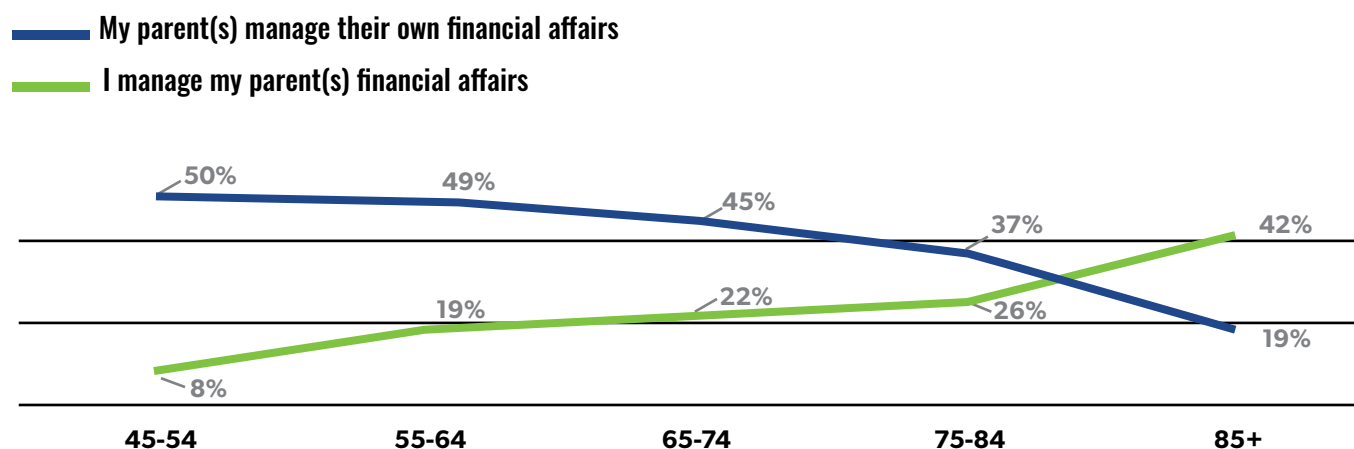
Today's Canadian seniors are called upon to make more complex financial decisions, with higher stakes, later in life than ever before. For many Canadians, aging may be accompanied by health, mobility, or cognitive changes that may affect their ability to make these judgments later in life, as well as their susceptibility to financial exploitation and fraud.

The Ontario Securities Commission (OSC)'s [Seniors Strategy](#), published in March 2018, includes a toolkit of policy, education and outreach, and other initiatives aimed at fostering conversations between older Ontarians and trusted family members, friends, and financial representatives to plan ahead to address risks that may come with aging.

To learn more about the conversations individuals are currently having on this topic, the OSC Investor Office commissioned a survey of over 2,000 Canadians covering conversations about aging and finances, among other topics.

RESPONSIBILITY FOR HANDLING PARENTS' FINANCIAL AFFAIRS AS THEY AGE

Our survey found that adult children are likely to play an increasing role in handling their parents' financial affairs as their parents age, particularly after their parents reach age 85. As reflected in the chart below, while only 8 per cent of adult children manage the financial affairs of parents aged 45-54, 42 per cent of those with parents aged 85 or over report handling these parents' financial affairs.



* Other options presented to respondents ("one or more of my siblings," "another family member or friend," "a financial representative or portfolio manager" and "don't know") are excluded from this chart for simplicity.

HOW WELL ARE FAMILIES PREPARING?

In addition to tracking how responsibility for aging parents' financial affairs shifts over time, we looked at how families are preparing for the potential that this transition will occur, from the perspectives of parents and their adult children.

What adult children say:

53% have talked to their parents about finances.

32% say their parents have talked to them about how they would like their finances managed if they were no longer able to do so.

4 in 10 believe their parents would be very likely to tell their family immediately if they were a victim of fraud.

5 in 10 with parents aged 45+ believe their parents have signed a power of attorney covering their financial affairs.

Generally, those with higher household incomes and those who work with a financial representative or portfolio manager were more likely to have had conversations with their parents about finances (including how they would like their finances handled if they were no longer able to do so), and more likely to say that their parents had signed a power of attorney. However, there were no substantial gender gaps with respect to any of the findings listed above.

What parents say:

45% of parents aged 45+ are "a little" or "very" worried they might become less able to handle their personal finances in the future.

7 in 10 parents aged 55+ say they have talked to someone about how they would like their finances handled if they find themselves unable to do so.

Men and those with higher household incomes were less likely to be worried about their ability to handle their personal finances in the future. Those who had talked to someone about how they would want their finances handled were most likely to talk to their spouse or partner (42 per cent), followed by one or more of their children (23 per cent) and their financial representative or portfolio manager (19 per cent).

WHY HASN'T THE CONVERSATION HAPPENED?

Discomfort talking about finances and parents' confidence that they can manage their finances on their own are common reasons both adult children and parents give for not having a conversation about parents' financial affairs. Many adult children who have not had a conversation take the view that it's up to their parents to start the conversation.

What adult children say (top 6 responses):

- 28% My parents' financial affairs are none of my business.
- 24% It's up to my parent(s) to start the conversation.
- 15% I feel uncomfortable talking to my family about money.
- 15% My parent(s) don't have investments.
- 14% I don't want to look like I'm out for money.
- 14% I don't feel I know enough about finances to be much of a help.

What parents say (top 6 responses):

- 25% I feel confident I can manage my finances on my own.
- 25% My personal finances are my business.
- 24% I'll have the conversation later.
- 19% I don't have any savings or investments that need managing.
- 12% I don't feel comfortable talking to my family about money.
- 9% I don't have a financial representative or portfolio manager.

Conversations about aging and finances are an important step in planning ahead. As part of its Seniors Strategy, the OSC aims to provide practical guidance, resources and tools for registered firms and their representatives, as well as older investors and their trusted family members and friends, to help facilitate these conversations.

About the Survey: The OSC Investor Office engaged Innovative Research Group Inc. (Innovative) to conduct a survey to, among other things, better understand the conversations Canadians are having about aging and their finances. The survey was conducted online among a representative sample of 2,259 Canadians, 18 years of age or older, between October 11 and 22, 2018. The sample has been weighted down to n=2,000 by age, gender and region using the latest Statistics Canada census data to reflect the actual demographic composition of the adult population 18 years of age or older residing in Canada. Since the online survey was not a random probability-based sample, a margin of error cannot be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels.