



Caregiving and Finances: Partnering with Your Investment Advisor

By Wei Woo

When Caregiving Becomes Part of Life's Financial Story

Caregiving can enter our lives in many forms — suddenly or gradually, by choice or by necessity. Sometimes it's a spouse whose health declines, a parent who can no longer live independently, a sibling recovering from illness, or even a lifelong friend with no immediate family.

Regardless of the relationship, the moment someone depends on you for daily help, your emotional, physical, and financial world changes.

Caregiving is one of the most profound expressions of love and loyalty, yet it often unfolds without a roadmap. Time once spent on work, leisure, or family now shifts toward appointments, medications, and endless logistics. And beneath that personal commitment lies a quieter but equally significant challenge — the cost of care, and how to sustain it without jeopardizing your own financial security.

Whether you are still working, retired, or balancing multiple roles, an Investment Advisor can help you navigate this complex terrain. Their role is not just to manage investments — it's to help you align compassion with financial clarity, ensuring your caregiving responsibilities don't undermine your long-term goals or stability.

The Expanding Circle of Care: Spouses, Parents, Siblings, and Friends

No two caregiving stories are alike. Each brings a distinct mix of emotional strain, financial complexity, and life disruption.

1. Spousal Caregiving: Shared Futures, Shifting Realities

When a spouse becomes ill or disabled, it changes not only the household dynamic but also the couple's financial trajectory.

- Working spouses may reduce hours or retire early, sacrificing income and pension accrual.
- Retired spouses may be forced to draw more heavily on savings or reallocate investments for immediate income.
- Medical costs, home adaptations, or professional care support can accelerate portfolio withdrawals — often years earlier than anticipated.

2. Adult Children: The Sandwich Generation

Caring for aging parents while supporting one's own family can feel like living two lives at once.

- Time off work or reduced employment impacts both short-term cash flow and long-term savings.
- Guilt, fatigue, and competing responsibilities can strain marriages, careers, and health.
- Unequal caregiving participation among siblings — where one child shoulders most of the work — often fuels resentment and financial conflict later, especially when inheritance conversations arise. This has become a major issue in my own family as my grandmother on my dad's side has dementia, and some siblings are carrying a much heavier caregiving burden than others, which may also lead to potential disputes over her will.

3. Sibling or Friend Caregiving: The Quietly Growing Reality

More Canadians are now stepping in to care for a brother, sister, or close friend — sometimes after their own spouses or parents have passed. These relationships often lack the legal and financial recognition of spousal caregiving, yet carry the same burdens.

- Caregivers may use personal savings for someone else's medical or living expenses, without tax relief or formal reimbursement.
- They may need to take time off work, coordinate medical decisions, or even move in together for support.
- Without proper planning, this generosity can quietly erode retirement security.

In all these scenarios, one truth remains constant: caregiving changes the caregiver's financial story. Recognizing that early — and planning with professional help — is the key to sustainability.

The Hidden Costs: Financial and Emotional

The costs of caregiving go beyond the cheque book. They're emotional, physical, and often invisible until they build up over time.

Financial Strain

- Out-of-pocket expenses like medications, home renovations, mobility aids, and transportation can escalate quickly.
- Reduced income or paused careers limit savings and pension growth.
- The caregiver may become financially exposed if accounts, property, or legal rights are not properly structured.

Emotional and Physical Strain

- Sleep deprivation, stress, and constant worry can take a toll on the caregiver's own health.
- Emotional guilt often prevents caregivers from asking for financial help — even from other family members.
- Unequal caregiving participation can fracture family relationships, particularly when one sibling feels unsupported or unrecognized for their time and sacrifices.

Social and Lifestyle Impact

- Caregivers often withdraw from social circles or hobbies, leading to isolation.
- Personal goals — such as travel, downsizing, or part-time work in retirement — may be delayed or abandoned.

An Investment Advisor can't remove these stresses, but they can help structure finances to reduce uncertainty — giving you more time and emotional space to focus on care itself.

Partnering with Your Investment Advisor During Caregiving

When caregiving becomes part of life, the financial focus must shift from *accumulation* to *preservation and flexibility*. Your advisor's role is to help bring order, foresight, and balance.

1. Cash Flow Planning

- Identify sustainable withdrawal rates from retirement accounts.

- Create liquidity for care costs without triggering unnecessary taxes.
- Build a “care contingency fund” to buffer unpredictable expenses.

2. Portfolio and Risk Review

Caregiving often shortens your financial time horizon. Your advisor can rebalance toward a mix that protects principal yet maintains enough growth to sustain long-term needs.

3. Tax Efficiency and Benefits

Your advisor can coordinate with tax professionals to ensure you access:

- Canada Caregiver Credit, Disability Tax Credit, and Medical Expense Tax Credit
- Income-splitting opportunities for couples
- Strategic realization of capital gains or losses to optimize after-tax cash flow

4. Estate and Continuity Planning

If you’re caring for a spouse, parent, sibling, or friend, ensure:

- Powers of Attorney and Wills reflect current circumstances.
- Beneficiary designations are up to date.
- Joint accounts or trusteeships are legally sound and transparent.

For those caring for non-family (e.g., a friend), it’s essential to clarify legal authority for medical and financial decisions — your advisor can coordinate with your lawyer to formalize these arrangements.

5. Coordinated Family Conversations

When multiple family members are involved, an advisor can help facilitate balanced, fact-based discussions. Reviewing budgets, projected care costs, and available resources helps reduce emotional misunderstandings and ensures shared accountability.

Protecting the Caregiver, Preserving the Legacy

At its heart, caregiving is an act of love, but love alone cannot sustain the long-term emotional and financial toll.

A compassionate financial plan should protect both the person receiving care *and* the one providing it. Your Investment Advisor can help you:

- Maintain your own retirement income strategies while caregiving.
- Build emergency funds to protect your health and well-being.
- Discuss financial management plans if you can no longer continue to act as a caregiver.

Caregiving for a spouse, parent, sibling, or friend is not a financial event — it's a life season that demands planning, patience, and partnership.

Key Takeaway:

Caregiving reshapes more than daily life — it reshapes your financial future. By working with an Investment Advisor who understands the human side of money, you can protect your finances, preserve family harmony, and focus on what truly matters: caring with dignity, purpose, and peace of mind.

If you want to explore post-retirement goals aimed at creating healthy and balanced financial strategies, please contact me at wwoo@researchcapital.com.

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