



FINANCIAL ADVISOR

## Helping Clients Face Alzheimer's Disease And Dementia: Part 1

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*Editor's note: This is the first in a two-part series focused on helping advisors understand what cognitive impairment is and how to identify and plan for the various degrees of this pervasive disease in their clients.*

Modern planning theory, technology and other resources have facilitated financial planning at the highest levels for an increasingly broad spectrum of potential risks, including market declines, economic recessions, a client's loss of employment, a client's longevity and his or her disability. Yet planners remain challenged and sometimes ill-equipped to address one of the most pervasive and dangerous forms of specific risk—that their clients will develop Alzheimer's disease, dementia or associated cognitive impairments.

True enough, experienced advisory professionals can at least anticipate dementia and plan for it. But they tend to do so broadly, as part of a process designed to plan for the possibility of disability in general. They may fail to consider the complex nuances—how subtle cognitive impairment can develop, or how impaired decision-making can even affect the advisor-client relationship. Such problems could interfere with even the best-conceived financial plans.

A trusted financial advisor who has known his or her client for many years may be among the first to identify the irregular behaviors commonly associated with cognitive impairment and dementia. Not only do advisors enjoy relationships with clients that have depth, intimacy and history, but advisors are among the best-positioned individuals to observe a client's critical decision-making and evaluate whether it is rational and consistent with prior patterns and outcomes.

Yet even the best relationship might be tested if an advisor questions a client's current faculties. For this reason, the advisor may be reluctant to have the difficult conversation and may defer until some irreparable harm, financial or otherwise, has already occurred before taking definitive action.

## Alzheimer's Disease, Dementia And Mild Cognitive Impairment

According to the Centers for Disease Control and Prevention, Alzheimer's disease and other forms of dementia were the sixth leading cause of death in the U.S. in 2014, accounting for 29.3 deaths per 100,000 of population. They are also the only major causes of death that are increasing.

With dementia, a person's thinking and memory have deteriorated to the point that daily function is impaired. According to the Alzheimer's Association, Alzheimer's disease is by far the most common cause of dementia, affecting an estimated 5.3 million of the total 46 million Americans age 65 and older. These data suggest that perhaps one in 10 clients age 65 and older have Alzheimer's dementia.

The problem is, in fact, much worse. Before the development of dementia, Alzheimer's disease causes more subtle thinking and memory problems that can compromise one's ability to make complicated financial decisions, even if the issues aren't severe enough to hinder a person's daily ability to function. These individuals have mild cognitive impairment (MCI). According to researchers working with the American Academy of Neurology, the prevalence of MCI increases with age: It's at 8.4% for those ages 65 to 69, 10.1% among those 70 to 74, 14.8% for those 75 to 79, and 25.2% for those 80 to 84. Adding these figures to the number of individuals with dementia means that more than 20% of clients age 65 and older likely have Alzheimer's disease causing cognitive impairment at the level of either MCI or dementia.

We should also point out that dementia and MCI do not affect only those age 65 and older. It is estimated that 200,000 Americans younger than age 65 have dementia, and the prevalence of MCI is 6.7% for those ages 60 to 64.

### Detecting Alzheimer's Disease At The MCI And Dementia Stages

What is most concerning from a financial planning standpoint is that although it may be easier to detect clients who have frank dementia, it is more difficult to know when clients are showing the more subtle thinking and memory problems that occur with MCI—problems that can still compromise their ability to make good decisions. Let's review some of the changes that can be seen in normal aging, MCI and dementia.

- Normal aging. Even for those aging normally, information may need to be repeated a couple of times to be remembered, and a hint or cue may be needed to retrieve the memory. But once they learn it, the information is not forgotten. They might have slight difficulty remembering people's names. Their problem solving is normal, although it may take more time. It's possible they can learn a new computer program or smartphone application. Their capacity to make financial decisions is normal.
- MCI. Even when information is repeated and cues are given, information is sometimes rapidly forgotten by people suffering from MCI. They have some difficulty in remembering appointments. There can be difficulty remembering people's names and sometimes ordinary words as well. Their problem solving is impaired for complicated matters. They have difficulty learning a new computer program or smartphone application.

These individuals generally have the capacity to make financial decisions so long as each decision can be broken down into easily remembered components. Most individuals are aware that they are having cognitive difficulties, although they may believe these are normal for their age.

- Mild dementia. In this case, the information people receive is often rapidly forgotten. They often repeat questions and stories in the same conversation. They often forget appointments. They have difficulty remembering people's names and often ordinary words as well. Problem solving is impaired even for simple matters, related both to the person's impaired memory and impaired judgment. They generally are unable to learn a new computer program or smartphone application. They do not have the capacity to make financial decisions but can still express their preferences if they are given questions that are simple and straightforward so that they do not have to keep more than one or two pieces of information in mind at any one time. Most of these individuals have lost the insight that they are too impaired to make financial decisions.

There are different ways to determine whether a client's cognition is normal. He or she could submit to a 10-minute pencil and paper test such as the Montreal Cognitive Assessment ([www.mocatest.org](http://www.mocatest.org)). An advisor could also ask the client or a family member to fill out a three-minute questionnaire such as the AD8 Dementia Screening Interview ([www.alz.org/documents\\_custom/ad8.pdf](http://www.alz.org/documents_custom/ad8.pdf)). However, we recommend simply talking with potentially impaired clients about recent events they are interested in and paying close attention to their answers.

For example:

- If they are interested in sports, chat with them about a recent game they saw. Do they remember the teams, key plays and approximate final score?
- If they keep up with current events, are they aware of recent news stories and the general details?
- If they watch certain television shows, do they know what is happening to the characters in the latest episodes?

Another possible source of information about a client's cognitive capacity is family. If an advisor suspects that a client is impaired, he or she could ask for permission to speak with the client's spouse or child. Family members are generally good judges about whether someone has been experiencing ongoing difficulty with thinking and memory or whether the client is just having a bad day.

What should advisors do if a client shows signs of Alzheimer's in either the MCI or dementia stage? Besides addressing the financial matters we will discuss later, we recommend that they respectfully encourage the client to bring the issue up with a doctor.

For those interested in more information about how to distinguish between normal aging and Alzheimer's, as well as the available treatments, evidence for diet and exercise, and how to plan for the future, there are helpful books written for nonmedical professionals. (One example is *Seven Steps To Managing Your Memory* by Andrew Budson and Maureen K. O'Connor.)

In a nutshell, current treatments for Alzheimer's can modestly improve thinking and memory, perhaps reversing symptoms by six to 12 months. New treatments are being developed to slow down the destruction of brain cells, but they are at least several years away. The Mediterranean diet is the only one that has been proved to reduce the risk of developing Alzheimer's disease; no other foods, vitamins or supplements have been proved scientifically to be effective. Aerobic exercise has been shown to improve memory in older adults because it causes growth factors to be released from the brain that cause the formation of new brain cells.

## The Financial Costs Of Cognitive Decline

In 2017, the total direct costs of care for individuals with Alzheimer's disease and other causes of dementia was \$259 billion, including \$131 billion from Medicare, \$44 billion from Medicaid, \$56 billion paid by people out of pocket and \$28 billion from other sources. The relative costs are also impressive. In 2016, it cost Medicare an average of \$13,351 per year to care for an individual without dementia and \$46,786 to care for an individual of the same age with dementia, according to the Alzheimer's Association.

Given the pervasive nature of the disease, it's not far-fetched to say that, unless there's a cure, all advisors could face a client suffering from dementia. They will have to be ready to address those issues with the client and offer them counsel.

*(In Part 2 of this story, we will cover some key steps to take to help clients prepare in advance for potentially developing a form of cognitive impairment).*

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