Financial Planning in the Shadow of Dementia: The Heart of the Matter

John E. Koehler CFP®, ChFC, CLU, CRPC
SVP, Advanced Markets
Transamerica
MIT AgeLab

Dr. Joseph Coughlin
Director, MIT AgeLab
The Research

Change in number of deaths by disease diagnosis in the U.S., 2000–13*

-2%
-11%
-14%
-23%
-52%
71%

*Alzheimer’s Association 2015 Alzheimer’s Disease Facts and Figures

Caring for the Caregiver: How Financial Advisors, Product Producers & Employers Can Help

Financial Planning & Alzheimer’s Disease: Helping Clients Understand the ‘Jobs’ of Living with Alzheimer’s

Did You Know?
- Alzheimer’s disease is the 6th cause of death in the United States;
- 5.2 million Americans age 65 and older have Alzheimer’s;
- As more people live well into their 80s, 90s, Alzheimer’s becomes more prevalent;
- Nearly half (43 percent) of those 65-plus show signs of Alzheimer’s;
- 15 million Americans provide unpaid care to a person with Alzheimer’s or dementia;
- Annual cost of care of people with Alzheimer’s disease is estimated to be $250 billion – but
  - $83,895 is paid out-of-pocket annually by individuals and families to provide care averaging more than $9,300 annually; and,
  - by 2050, 7.7 million Americans over 65 will have Alzheimer’s disease, and that number is projected to increase dramatically due to the aging of the baby boomers to 11 to 16 million by 2050

**2013 Alzheimer’s Disease Facts & Figures, Alzheimer’s Association (March 2013). **

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Elevating the Conversation

- Alzheimer’s Disease and Insights into Family Dynamics
- The Impact of Alzheimer’s Disease on Decision-Making
- Understanding the Financial Costs of Alzheimer’s Disease
- Discussion on Financial Services & Advice in the Shadow of Dementia
What We Learned

The Advisor’s Guide to
FINANCIAL PLANNING
IN THE SHADOW OF DEMENTIA

"I can think of no other condition that places such a heavy burden on society, families and communities and of course the economy."
— Dr. Margaret Chan, Director General, World Health Organization

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The Heart of the Matter

This is a human story
Alive Inside: A Story of Music & Memory
HBO: The Alzheimer’s Project

The Memory Loss Tapes

Grandpa, Do You Know Who I Am? – Maria Shriver

Momentum in Science

Caregivers
William Utermohlen, 1967
Self-portrait
William Utermohlen

Utermohlen, 1996
One year after Alzheimer’s diagnosis
William Utermohlen

Utermohlen, 1997
Two years after diagnosis
William Utermohlen

Utermohlen, 1998
Three years after diagnosis
William Utermohlen

Utermohlen, 1999
Four years after diagnosis
Utermohlen, 2000
Five years after diagnosis.
(Final self-portrait)
Diagnosis and Timing are Critical

- Alzheimer’s is a progressive disease

1. Mild
2. Moderate
3. Severe

- Alzheimer’s patients are prone to money mismanagement and susceptible to elder fraud
- Legal decisions and documents will be required and the client may be required to demonstrate “legal capacity”
Best Practices

FINRA Regulatory Notice 07-43 Senior Investors (2007) (Diminished Capacity)

Senior Investors

FINRA Reminds Firms of Their Obligations Relating to Senior Investors and Highlights Industry Practices to Serve these Customers

Executive Summary

One of FINRA’s priorities is the protection of senior investors, as well as Baby Boomers who are approaching retirement. FINRA efforts in this area include investor education, member education and outreach, examinations and enforcement. The purpose of this Notice is to urge firms to review and, when warranted, enhance their policies and procedures for complying with FINRA rules and practices, as well as other applicable laws, regulations and ethical principles, in light of the special issues that are common to many senior investors. The Notice also highlights, for the consideration of FINRA member firms, a number of practices that some firms have adopted to better serve their clients.

Questions concerning this Notice may be directed to:

► Louise Godier, Associate Vice President, Office of Emerging Regulatory Issues, at (202) 728-8077.
► James White, Associate Vice President and Associate General Counsel, Office of General Counsel, at (202) 728-8476, and
► John Grenowsky, Vice President, Office of Investor Education, at (202) 728-8477.

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Notice Type

► Guidance

Suggested Routing

► Advertising
► Compliance
► Continuing Education
► Legal
► Registered Representatives
► Sales Management

Key Topic(s)

► Baby Boomers
► Communications with the Public
► Designations and Credentials
► Diminished Capacity
► Fraud
► Retirement
► Sales Practices
► Section
► Suitability

Referenced Rules & Notices

► NASD Rule 2115
► NASD Rule 2126
► NASD Rule 2321
► NMS-94-98
► NMS-95-95
► NMS-96-71
► NMS-00-99
► NMS-00-99
► NMS-00-99
► NMS-00-99
► NMS-00-99
► NMS-Information Memo 65-54
► NASD Rule 472
As a financial firm / advisor, some of the best practices for dealing with clients who may have or may incur dementia

• Provide written guidance to employees on senior-related issues
• Communicate policies regarding durable powers of attorney
• Suggest customers invite a friend or family member to meetings
• Revise privacy policies to address diminished capacity
• Offer training to help registered representatives understand and meet the needs of older investors
• Provide education to customers about how to avoid being victims of financial fraud or abuse
As a financial advisor, what should you say if you suspect a client might be experiencing dementia?

- Recognize your client probably knows something is wrong and is likely embarrassed
- Suggest your client see their doctor
- Show empathy and explain you are here to help
The 3 Most important things advisors should do when helping clients with dementia.

1. Get someone else involved
2. Recognize that most forms of dementia are progressive
3. Suggest your client see a doctor
Best Practices

Steven Starnes, MBA, CFP
Savant Capital Management

The Three Most Important Things Advisors Should Do When Helping Clients with Dementia.

- Encourage families to have a conversation early.
- Identify whether there is a problem.
- If there is a problem, there will be fewer frustrations down the road.
3 Tips for communicating with clients who have dementia

1. Don’t over-communicate details
2. Be patient
3. Show them you understand how they feel
The Ongoing Conversation

Comfortable Setting

- Minimize background noise
- Meet in a well lit spaces
- Provide firm supportive seating
The Ongoing Conversation

Clear Communication

• Sit close, speak clearly, make eye contact
• Speak slowly, ask yes / no questions
• Repeat, rephrase, summarize
• Do not interpret or contradict what the client says
• Be patient
The Critical Connection to Family

Symptoms of caregiver stress

1. Denial
2. Anger
3. Anxiety
4. Depression
5. Exhaustion
The Critical Connection to Family

Tips for developing a strong advisor-caregiver relationship

- Recognize caregiving is difficult
- Be thoughtful about how you include and communicate with the client’s caregiver
- Encourage families to have a conversation about future plans and care early
- Help guide that conversation
The Caregiver’s Guide to
FINANCIAL PLANNING
IN THE SHADOW OF DEMENTIA

“The closest thing to being cared for is to care for someone else.”

— Carson McCullers,
The Square Root of Wonderful
Support for financial advisors

• Today, more than 5 million Americans are living with Alzheimer’s disease. By 2050, up to 16 million will have the disease¹

• It’s not “if” a financial advisors clients will be impacted, it is “how many”

• We need to help financial advisors be prepared and to provide them with the resources to help their clients prepare for and manage the illness
Thank You.

Questions?