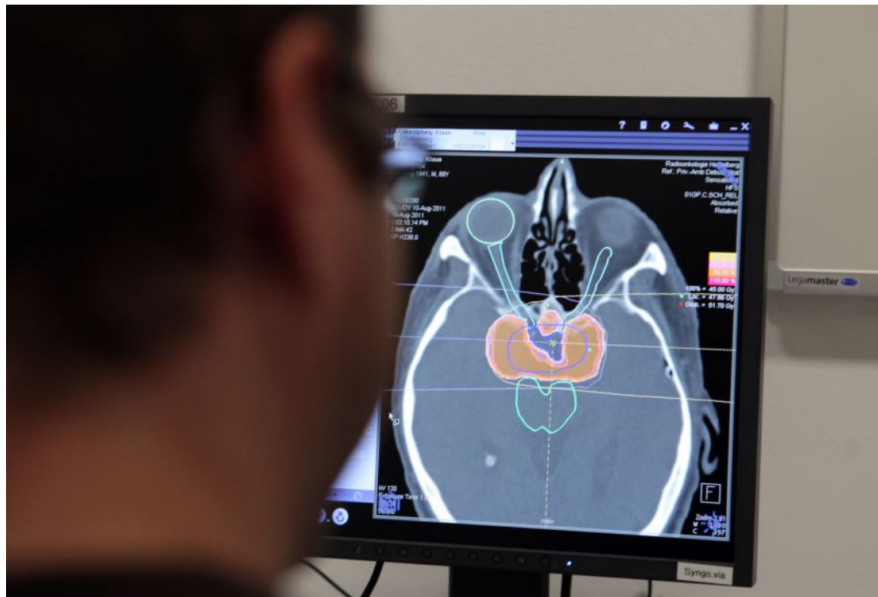




PRACTICE MANAGEMENT

Voices Prepare for the worst, but hope for the best: Talking to your clients about cognitive decline

By Eden Lopez February 10, 2021, 2:54 a.m. EST 3 Min Read



A medical technician monitors a scan of a patient's brain. Hannelore Foerster/Bloomberg

When my father began making questionable financial decisions many years ago, we thought he was just acting erratically. What we didn't know at the time was that my father, though physically in great shape, was suffering from cognitive decline, and no longer possessed the inhibitions that once regulated his decision-making.

My father was diagnosed with a form of dementia in 2016. Unfortunately, we didn't realize his underlying condition until he had caused nearly irreparable financial damage to my parents.

Many years later, in addition to funding the care of my father (and my mother), I am still working to repair many of the financial errors created by this progressive and worsening disease.

My family's story is one that countless others will recognize. Because Americans are living longer, dementia diagnoses are becoming more common for the aging population. And while financial advisors are often critical in helping families navigate these progressive and expensive conditions, I believe few are prepared to counsel clients as early as possible about not only the warning signs, but also the steps to take today to protect wealth in the future. As a financial



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planning community, we have a duty to help our clients navigate these difficult situations.



"Managing the near-financial disaster brought on by my father's dementia diagnosis revealed to me the need within the financial advisor community to be better prepared to help their clients navigate the many forms of this terrible disease," says Eden Lopez.

We can do this by speaking up as soon as we think something is amiss. We can help clients understand the warning signs and be prepared for any outcome. These conversations might be uncomfortable, but early intervention and planning is key with cognitive decline and can help prevent major financial disasters.

Understanding the warning signs

Finances are often the first place that signs of cognitive decline can emerge. And, as we learned with my father's situation, early mistakes that are often dismissed or disregarded can create trouble down the road. It's important that advisors and clients understand these financial-related warning signs that can signal diminishing capacity:

Routines: Difficulty completing routine financial tasks, such as paying bills or filing taxes

Requests: Repeated or unusual requests for the same information, needing repetitive explanations on simple topics, or frequent password resets

Relationships: Unexpected change in relationship with financial advisor, unexplained changes to financial accounts or mailing addresses, and new unusual charitable giving

Risk: Poor financial judgment, sudden change in risk tolerance in either direction

Keep these warning signs in mind when assessing your own interactions with clients, but also be sure your clients and their families understand them, too. These signs are often overlooked, so both advisors and loved ones need to be diligent so that early intervention can take place if cognitive decline is suspected. When it comes to cognitive decline, waiting too long to speak up can have devastating financial consequences.

Proper planning is key

Along with early intervention, thorough and proactive planning is crucial to mitigating the financial risks of a cognitive decline diagnosis. It's important to act quickly – because of the disease's degenerative nature, planning needs to happen as early in the diagnosis as possible while the person has mental capacity.

Advisors can support their clients through a cognitive decline diagnosis by providing comprehensive financial guidance and access to tools and resources that reduce the financial risks to long-term family wealth, including:

Cost of caregiving: Care for someone with cognitive decline can last up to 15 years and can cost hundreds of thousands of dollars. Recommend that every client incorporates a long-term care scenario into their wealth plan to better understand and prepare for the cost.

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Managing the near-financial disaster brought on by my father's dementia diagnosis revealed to me the need within the financial advisor community to be better prepared to help their clients navigate the many forms of this terrible disease. [Research](#) conducted by RBC Wealth Management – U.S. and Aon showed that 80% of cognitive decline caregivers reported some level of financial mismanagement by their loved one. And 83% of those surveyed began to share in the cost of that progressive financial burden. With such high stakes, plus the emotional toll cognitive decline can take on families, it's critical that financial advisors themselves are better prepared to help our clients prepare for the worst but hope for the best.

Eden Lopez Managing Director And Financial Advisor, RBC Wealth Management US



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Source: SEC Form ADV, March 2021

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Financial services workers with degrees in science, technology, engineering and math (STEM) by gender



Source: GAO, June 2021

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By Eden Lopez
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