

## Gray Matters: How Advisors Can Help Before, During, and After a Dementia Diagnosis

During an MIT AgeLab PLAN Webinar on June 6, 2024, researchers and a guest speaker shed light on what advisors can do to help clients with cognitive decline. Learn about the latest findings in this brief.

Cognitive decline is likely to impact some of your clients, as **one-third of adults ages 85 and older have Alzheimer's disease**.<sup>1</sup> But talking about cognitive health with older clients can pose challenges for many advisors. **Tara Ambrose**, Vice President and Senior Manager of Client Risk Prevention at RBC Wealth Management, provided some insights on interacting with vulnerable older adults.

### Dementia can have profound effects on financial behavior.

*"Wilbert van der Klaauw, [a researcher on dementia and financial behavior], said that after his mother was diagnosed with Alzheimer's, his family discovered **parking tickets and traffic violations that she had hidden**."*

*"Shortly before he was diagnosed with Alzheimer's, Jay Reinstein **bought a BMW he could not afford**. 'I went into a showroom and I came home with a BMW,' he said. 'My wife was not thrilled.'"*<sup>2</sup>

### Fraud is frequent.

Older Americans are **disproportionately** impacted by scams and fraud, causing over **\$3.4 billion in losses** in 2023, with those experiencing cognitive decline being more likely to fall victim to such scams.<sup>3</sup> According to Tara Ambrose, "[Scammers] know how to **isolate** clients and turn them against family, friends, caregivers, and financial advisors – **people in their circle of trust**."

### Denial is common.

Older adults experiencing cognitive decline, dementia, and Alzheimer's may have adopted the mentality of **"it won't happen to me"** when considering their own financial vulnerability – and cognitive decline itself. This vulnerability may be exacerbated due to loneliness, isolation, anxiety, or fear. Fears of giving up control and independence can strongly influence denial about financial vulnerability.

### Financial advisors can make a difference.

"Since changes in financial behavior come so early in the experience of cognitive decline, we believe that **advisors are on the front line** of mitigating the effects of cognitive decline in their clients. They can be the **first person** who sees that a change is happening in their clients' cognitive capacities, **potentially even before their families, if they're aware and know how to recognize the signs**."

– Adam Felts, MIT AgeLab Researcher



1. NewYork-Presbyterian. (n.d.). How to Spot Dementia in Seniors. Health Matters. Retrieved from <https://healthmatters.nyp.org/spot-dementia-seniors/>  
 2. The New York Times. (2024, May 31). Alzheimer's Disease Takes a Toll on Personal Finance. The New York Times. <https://www.nytimes.com/2024/05/31/business/economy/alzheimers-disease-personal-finance.html>  
 3. Federal Bureau of Investigation. (n.d.). Elder Fraud in Focus. Retrieved from <https://www.fbi.gov/news/stories/elder-fraud-in-focus>

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For the MIT AgeLab PLAN Webinar on June 6, 2024, researchers and a guest speaker shed light on what advisors can do to engage with clients who are dealing with cognitive decline.

### Wording matters.

The words chosen when having conversations with a **vulnerable** client can have a big impact. The intention of such discussions should be establishing a **supportive and collaborative decision-making process**. Normalizing the issues at hand is also important. **Empowering language** should be utilized, avoiding a focus on age and labels such as “**incapacity**.” According to Tara Ambrose, “These very slight differences [in language] can mean the difference between someone feeling **shame** and someone feeling **empowered**.”



#### Tip 1: Approach with empathy and build trust

- Acknowledge the emotions involved
- Focus your concern on their well-being, not just the money

#### Tip 2: If fraud is suspected, get them talking about red flags

- Ask about what strange things they have noticed
- Ask if they have already had promises broken
- Ask how it feels when they are asked for money

#### Tip 3: Ask for next steps

- Make a plan or checklist to report fraud or address other risks and take steps to protect going forward
- Offer support or oversights
- If unsuccessful, try again another time

“Once they've already shown signs [of cognitive decline], or they've already had a **diagnosis** [of dementia], they're even **less willing** to accept help or ask for help.”

–Tara Ambrose

### How to handle unsuccessful conversations?

- Document and notate the client's profile to continue to **monitor**.
- **Try again** soon – sometimes it takes multiple gentle conversations to reach a client.
- Engage their power of attorney or **trusted** contact.
- In an urgent situation, set **expectations** with the client about future withdrawals or transactions, such as a willingness to use a hold or even end the advisory relationship to **stop** a client from being scammed. According to Tara Ambrose, “Sometimes the **threat** of ending a longstanding relationship will help convey the **seriousness** of the situation.”

When you feel that an emergency situation is unfolding, you may resort to:

- Contacting adult protective services or law enforcement. (Financial advisors and broker dealers are considered mandated reporters in many states and may be obligated to report suspicions of abuse).
- Using a state or FINRA 2165 hold **when appropriate** (i.e., when the firm reasonably believes that financial exploitation of that adult has occurred, is occurring, has been attempted, or will be attempted).<sup>4</sup>

“This is not a one and done conversation,” said Tara Ambrose.