

What Women Need to Know: Alzheimer's Disease and its Financial Repercussions

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CRITICAL OBSERVATIONS:

Alzheimer's is something women in particular cannot ignore:



* Those who primarily shoulder the financial and emotional burden of care.³

What is Alzheimer's Disease?

Alzheimer's disease is an extreme form of dementia – the blanket term for the deterioration of an individual's overall mental capacity to the point that it interferes with daily life. There are a range of causes for dementia, from a stroke to thyroid imbalances to even vitamin deficiencies, and in some cases its effects can be controlled. But nothing has yet been found to slow the progression of Alzheimer's, which is by far the leading form of dementia.⁴

The statistics surrounding Alzheimer's disease are particularly disheartening. Alzheimer's is the sixth-leading cause of death in the United States,² striking someone new every 67 seconds. By 2025, more than 7 million Americans are expected to be battling the disease,² with no prevention or cure in sight. Given this harsh reality, it is important to understand the impact the disease can have on not only an individual's life but also the lives of those closest to them. It is equally important to understand how long-term care for an individual's suffering from Alzheimer's will be financed and the steps to ensure their needs can be met.

Know the Signs

Many people who suffer from Alzheimer's hide their diagnosis or downplay early symptoms. That makes it critical that people recognize the warning signs for Alzheimer's and dementia in their loved ones' behavior.

While occasional forgetfulness is not unusual for aging adults, there is a major difference between simple memory lapses – such as not placing the name of a film, a street or even a friend – and suddenly being unable to perform routine tasks like paying bills. When memory loss begins to take a toll on daily life, it can be an early sign of Alzheimer's. Other common indicators

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include frequently misplacing items and experiencing difficulty remembering recently learned information, planning or solving problems, performing familiar tasks or comprehending simple images. Having trouble with visual perception, a decrease in judgment and changes in mood or behavior could also indicate early stages of the disease.

Once the disease develops into moderate decline, individuals tend to become more easily frustrated, and it is common for them to withdraw socially. Some individuals may begin to wander off, and it is quite common for the frustration caused by memory lapses to result in moodiness or lashing out. Individuals in the moderate decline stage of Alzheimer’s will begin to experience an alternate sense of reality and can become defensive and extremely frustrated if corrected about inaccurate memories.

By the time Alzheimer’s becomes severe, most sufferers will have a hard time recalling the most recent of conversations and may no longer even recognize those closest in their lives – even spouses and children. People in this stage of the disease may experience a complete personality change and become easily agitated and aggressive toward those around them. Some may have difficulty performing the most common tasks or even comprehending spoken words. It is not uncommon for individuals

in this stage to need help with everything from eating and drinking to using the bathroom, with some people ending up completely bed-ridden and unable to even sit up without assistance. The majority of Alzheimer’s sufferers tend to die from such related illnesses as pneumonia or urinary tract infections.

Impact of the Disease

Alzheimer’s impact reaches far beyond those suffering from the illness, to spouses, children, extended family and even close friends charged with caring for its victims. More than 15 million Americans – two-thirds of whom are women – routinely provide care to individuals suffering from Alzheimer’s, from assisting victims with simple, everyday tasks like eating or using the bathroom to managing their overall healthcare and finances.^{3,5} Beyond the time and costs involved, tending to the needs of Alzheimer’s victims takes a toll on the lives of those providing care. Caregivers routinely experience anxiety and sleeplessness, feelings of guilt, depression and even increased mortality rates.^{6,7}

Preparing for the Challenges of Alzheimer’s Disease

As devastating as it can be for individuals and their families, a diagnosis of Alzheimer’s disease is not an immediate death sentence. Instead, people with Alzheimer’s live an average of four to eight years after diagnosis, with some surviving for up to 20 years.⁸

The degenerative nature of Alzheimer's makes it critical to document one's wishes early, while the individual remains cognitive and responsive.

Because of this, it is important for anyone suffering from the disease to verbalize and document their desires – everything from how long they wish to remain at home to end-of-life arrangements – as early as possible. The degenerative nature of Alzheimer's makes it critical to document one's wishes early, while the individual remains cognitive and responsive. Just as important is to document the individual's preferences – even if those wishes are well-known to family and friends, failing to properly document them may result in them not being carried out. For example, consider someone who does not want to be resuscitated if his or her heart stops. Without proper documentation, such as a living will, doctors are legally obligated to do everything in their power to revive such a patient – even if those measures go against the patient's wishes.

If a loved one has been diagnosed with Alzheimer's or has begun exhibiting warning signs, it is important to sit down and have a candid conversation as soon as possible. As difficult as such conversations can be, it is imperative to let loved ones know that honoring their wishes is your greatest concern – something you cannot possibly do without first knowing exactly what those wishes are.

What You Can Do Now

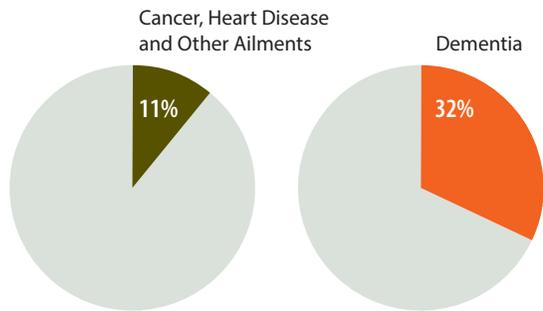
Whether a loved one has been diagnosed with Alzheimer's or you are simply looking to safeguard against the financial risks that can accompany a major, long-term illness, we strongly recommend drafting a financial plan that contains provisions for any worst-case scenario. This means having in place such critical documents as a will or a trust, living will, healthcare and financial power of attorney. And because diseases such as Alzheimer's can cause an individual's mental state to deteriorate, it is crucial to have such documents in place as early as possible to help ensure they will be honored. If an individual suffering from dementia or Alzheimer's has not established durable power of attorney, the courts could ultimately dictate any decisions regarding that person's financial affairs and wishes.

The simplest precaution you can take is to ensure a spouse or loved one is aware of all of the accounts that are in your name, including account numbers and passwords, or at least where such information can be found. Also, if you are appointing a power of attorney or naming an executor for your will, make sure that person understands your wishes and is willing and able to carry them out.

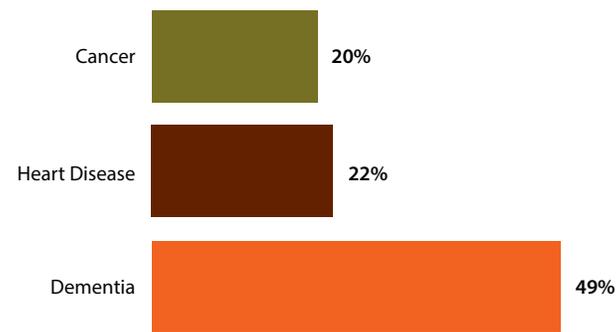
The end-of-life cost of caring for a person with dementia far outweighs the expense of treating people with cancer and heart disease.

FIGURE 1:

Percentage of Wealth Spent by Patient



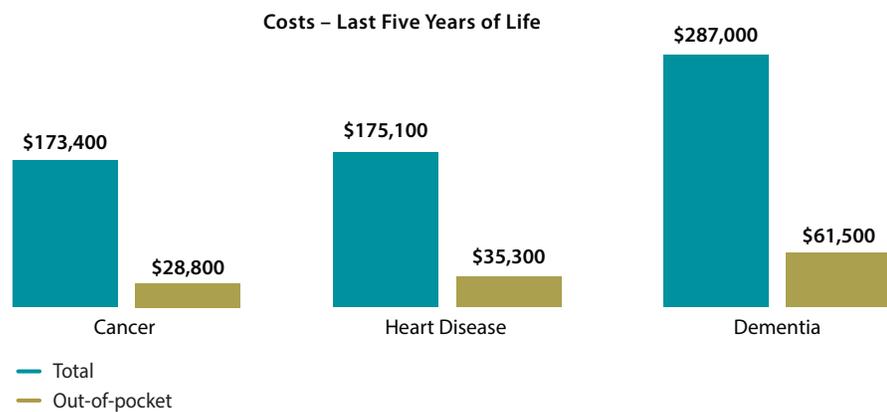
Share of Patients on Medicaid at Time of Death



Source: *Annals of Internal Medicine*, November 2015. Reprinted in Rosato, D. “Coping With Aging’s Costliest Challenge.” *Money* 2015; Dec.: 82–89.

Notes: Cost figures are averages. Figures for spending as a percentage of wealth are medians.

The Expense of Dementia



Source: Rosato, D. “Coping With Aging’s Costliest Challenge.” *Money* 2015; Dec.: 82–89.

Another important step you can take now is understanding the coverage and limitations of various insurance policies and programs, including Medicare and Medicaid. Because people suffering from Alzheimer’s disease can require care for years – even decades – the financial toll the disease takes can be enormous (see Figure 1). Because Medicare only covers part of an individual’s care needs, most people assume that Medicaid will automatically pick up the remaining costs of such care. However, Medicaid will only cover an individual who does not have assets that could otherwise be used to pay for their care and Medicaid has to be applied for annually to continue to qualify for benefits. Assets, including ownership of a primary residence, that are not transferred at least five years in advance of applying for Medicaid could be appropriated by the government to cover the costs of long-term care.⁹

A thorough financial plan extends well beyond just having a will or a power of attorney – it can involve everything from long-term care insurance policies to when and how wealth is transferred. Even if a loved one had drafted a financial plan years ago, it’s risky to simply assume that everything is up-to-date. Because rules and regulations are constantly changing, it is important to periodically revisit your financial plan and estate plan, if for no other reason than to make sure that all listed beneficiaries and executors continue to reflect that person’s wishes. It is also important to make sure that any life events, such as marriages, divorces or second marriages that might involve stepchildren, are factored into existing financial plans and documents.

Issues to Consider

If you or someone close to you is battling dementia or Alzheimer's disease, here is a list of issues you should consider as soon as possible:

- Ensure that key people are aware of an Alzheimer's victim's wishes and know where to find critical documents and financial information.
- Has any estate planning already been completed? Are wills, trust documents and power of attorney documents in good order and readily accessible?
- Is there a living will? A living will states the wishes for end-of-life medical care.
- Has the person suffering from Alzheimer's established power of attorney? Does the individual want separate power of attorney documents for their finances and healthcare?
- Make arrangements to sit down with a financial advisor.
- Discuss long-term living wishes, such as remaining at home or entering an elderly care facility.
- Consider all potential sources of income, including a pension, Social Security or Social Security Disability Income, veteran's benefits, IRAs, 401(k)s, annuities and rental properties.
- Is the list of beneficiaries on life insurance policies, IRAs, 401(k)s and annuities up-to-date?
- Does the person suffering from Alzheimer's have a long-term care insurance policy? Are there any exclusions or limitations regarding dementia?
- Review the titling of assets (i.e., trust, joint or single-name). What will happen with these assets at death?
- Consider hiring a family consultant to help facilitate difficult conversations, navigate the healthcare system, assist with making informed decisions and help educate on what community resources are available.
- Develop a Family Support Plan - who in the family will fill caregiving roles as the disease progresses, how will the family know when it is time to utilize additional supports, what triggers will be present for the family to decide it is time to have their loved one transition into a care center or relocate to where the caregiver resides.

ABOUT THE AUTHORS:

The Gervais Group
Listen. Customize. Collaborate.

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Lori manages wealth for select families and individuals, developing strategies to help clients preserve, protect, enhance and transfer wealth. The team oversees the complete financial picture for clients by employing strategies to address investment issues as well as special family, business and philanthropic interests. Lori graduated summa cum laude from Husson University with a bachelor's degree in business administration and a concentration in finance. She continued her studies through the College of Financial Planning at DePaul University to become a CERTIFIED FINANCIAL PLANNER™ professional and is a member of the Financial Planning Association of Southern Wisconsin. To learn more about their unique approach to wealth management, visit gervaiswealthmanagement.com or contact us at 262-240-3519 or lgervais@rwbaird.com.

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Annalee has worked at every level in the long-term care industry, starting as a social worker more than 20 years ago and eventually directing all operations of community-based continuum-of-care retirement facilities. In 2011, she founded Care Right Inc. to help families with aging loved ones navigate through the long-term care industry and cope with burdens family caregivers encounter. She joins in the family's journey wherever they are, whether it's the initial conversations with aging loved ones, selecting a retirement community or during the end of life – often when there is a medical crisis underway. To learn more about her services, visit carerightinc.com or contact her at 262-422-3443 or Annalee@CareRightInc.com.

¹E1Seshadri, S., et al. The Lifetime Risk of Stroke: Estimates from the Framingham Study. *Stroke* 2006;37(2):345–350.

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⁵SPMI: My HR Professionals. *The Caregiver's Guide to Financial Planning in the Shadow of Dementia*. Available at: myhrprofessionals.com/2015/11/06/the-caregivers-guide-to-financial-planning-in-the-shadow-of-dementia/

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⁹National Care Planning Council. *Medicaid Planning*. Available at: longtermcarelink.net/eldercare/medicaid_planning.htm

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