Case Study: Helping a client with dementia, the keys to a good outcome.

One of the sadder yet more common developments that I have seen in the past 24 years that I have been a financial advisor is clients we care deeply about go through dementia. Personally, having a parent go through this disease makes me even more empathetic to our client's situations. Not only does the disease deal our loved ones the loss of their independence and self-esteem, but it can play havoc with their financial affairs leaving them open to being taken advantage of. In one such case, we saw how a client's son was very proactive and involved in his father's situation, and how that made all the difference in helping the client achieve the best possible outcome.

The fact pattern begins with (George) age 67 and (Alice) age 69. They had 3 children; at the time, none were particularly close geographically to them. George was a kind and successful business owner who ran an engineering business and was now retired. Alice was the housewife who managed the home and the finances during his working years and during their retirement. Both were quite conservative in their investment approach during their working lives and in retirement. All was well with the couple, when unexpectedly, Alice passed away suddenly from a heart attack at age 74. This left George in charge of managing their large and complicated investment portfolio which consisted of several financial advisors and many different investments, some of which were put in place prior to our involvement.

We worked very hard in consolidating all of George's holdings and submitting changes, and updating beneficiaries, as well as making changes in ownership of the various accounts. We also coordinated his overall asset allocation and kept George informed as to how the accounts were performing. For 5-6 years, quarterly reviews with the client were common and were initially held at his home which was about 40 minutes from our offices. When George was 77, he requested to visit our offices for our quarterly meetings. Fortunately, prior to these meetings we were introduced to his son (Timothy), who had a successful career and who was familiar with financial matters. He too, was now a client and we began to assist him with his various financial goals.

On one occasion, George was late for a meeting at our offices; I received a call from George telling me he was lost getting to our offices, (an office he had visited on another occasion). He tried to explain where he was, however, rather than chance that our directions would not get him to our location, I drove a short distance and asked him to follow me back to our office which he did. We laughed off the event but it had me a bit concerned. Following our meeting and lunch, I walked him back to his car and showed him the correct way to exit our parking lot, which was admittedly a bit confusing to navigate. I made a point to visit him on the next 2 quarterly meetings. However, George did insist on seeing me at our offices for the 3rd visit.

George was late for our meeting and again called me and was lost. I again, drove out to see him and had him follow me back to our offices. During our meeting he seemed lucid and we even went out for lunch. I again showed him the proper way to exit our offices. As I got back to my office, I was very concerned and reached out to his son Tim. I called his son Tim and explained what had happened. Tim explained he had begun to notice his father's inability to fill in much detail to conversations they were having. He pointed out that I in fact was no longer Bob Dole, but 'the investment guy'. Tim explained there was also a 'tax guy' and 'the lawyer'. It became very clear George had lost some capacity, how much capacity none of us knew. We agreed that we really needed to stay in touch on this matter. We were both concerned and recognized that steps needed to be taken to protect his father.

Over the 12-18 months, it became more clear the extent and trajectory of George's capacity and Tim became much more involved in his father's affairs. During that time, Tim, along with George and I met with George's attorney on properly drafting documents to protect his assets. With his son's prompting and with proper legal guidance, updated Powers of Attorney were put into place, (which we updated on all accounts) as well as further consolidation and proper monitoring of his accounts. Tim began to even monitor his father's mail so as to not miss key information relating to his Father's various investments and ensure premium notices for various insurances were paid. All of the changes that were put in place were communicated to the siblings so everyone was on the same page as to what was occurring and why. To their credit, all the siblings really worked together to pitch in and share the large responsibility of taking on this challenge.

On the positive, Tim found that his father had foreign social security due to him which they addressed, and interestingly George owned extremely valuable mineral rights relating to property he had owned for many years. With proper legal advice, this property was put into a Trust thereby removing its future growth from George's estate. Unfortunately, other developments were not as positive such as: George being pestered and succumbing to penny stock requests and losing about $40,000 in the process. George also became a target for Time share salespeople over the phone, and separately a local bank encouraged him to purchase a $70,000 single premium life insurance plan at age 74. None of these items George ever disclosed to his son or me, even though we met quarterly.

Because of the frequency of such issues, Tim eventually changed his father's home phone number to unlisted (so as to keep away those who would call and prey upon his father's inattentiveness) and fully consolidated all assets to help safely monitor activities. Following all of the many changes that were made to protect him, George now lives comfortably and happily in Florida with a friend he has been dating for a number of years. All the siblings are on the same page as to his condition and what steps are being taken to provide for his care and well-being.

As Tim relayed to me on a few occasions: 'It is a full time job watching over my father and his affairs, I can see how individuals can be taken advantage of'.

The Keys to success:

1. Ask your parents and loved ones what they want to happen should they become incapacitated. These conversations should happen <u>before</u> they are sick, ill, or lose capacity.

2. Ask them for a complete list of who to contact if something goes wrong.
   A. Is there a Power of Attorney in place?
   B. Who is in charge to make healthcare decisions on their behalf?
   C. Do they have a will? Where is it? Is the will current and has it accounted for all children and logical beneficiaries of the estate?
   D. Who is assisting them with the financial affairs currently? Do they have their contact numbers?

3. If a loved one becomes incapacitated: Recognize and try and appreciate what your loved one is going through. They are most likely:
   A. Overwhelmed with what is happening and find it hard to process and perform basic tasks such as hygiene and basic functions.
   B. In denial.
   C. Easily irritated by change.
   D. Frightened and scared about their diminished capacity.
   E. Angry at why this is happening to them.

4. Try and get a professional evaluation as to their capacity from a physician skilled in this area and get a ‘baseline’ as their capacity.
   A. Be proactive in helping them be safe. Consider making modifications to their home for such circumstances.
   B. They can hurt themselves and others by their actions, which include driving. Consider the consequence of an accident that could have been averted.

5. Be mindful of those of would prey upon an unsuspecting or incapacitated individual.

1. Monitor mail.
2. Monitor bank accounts and transfer of funds.
3. Be inquisitive of 'new' friends.
4. Monitor changes of beneficiaries.
5. Changes to their investment allocation that do not seem to fit logically into their risk profile.
6. Illogical or irrational purchases.

6. Consistently communicate with your siblings and loved ones as to the status of the affected person.
   A. Recognize the time that this new role is going to take. Plan for it, recognize there will be stress involved.
   B. Try and get siblings involved early in the process so everyone can understand the status of the loved one in question and can share in the responsibilities.
   C. Consider 'sharing' the duties. One sibling take on the financial aspects of their affairs, and considering monitoring money 'flows' online. And have the other sibling take on the health care related aspects.

*Note the actual names in the above case have been changed.

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