

Is Your Firm Prepared for Alzheimer's?

How to communicate with clients with dementia

by Steve Starnes, CFP®

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Alice, an elderly client, calls my office and wants to withdraw \$15,000 from her portfolio.

Alice is a sweet, 80-year-old widow with whom I have worked for many years. It seems odd to me she does not remember making the same request two days ago. She seems in a hurry and says a repairman is standing in her kitchen asking for payment. Alice also seems confused as she tries to explain what work was done. Several things concern me, especially the person in Alice's kitchen, the urgency of her request, and the large amount of money requested. I ask myself, is Alice showing normal forgetfulness? Or is her inability to remember her earlier withdrawal or explain the situation a sign that something else is wrong?

The Risk to Your Clients and Your Practice

More than 1 in 5 women and 1 in 10 men will develop Alzheimer's.¹ Alzheimer's can be emotionally and financially devastating for patients, caregivers, and their families. It is a progressive disease, which means the condition will never improve and will only get worse. People with Alzheimer's or many other forms of dementia will eventually be unable

Executive Summary

- Alzheimer's and other forms of dementia present a significant risk to your clients and to your financial planning practice. This paper reviews the practical, legal, and ethical challenges you may encounter while working with clients with dementia.
- Alzheimer's is a progressive disease, as are several other forms of dementia. Your client will never improve and will only get worse. This paper reviews the symptoms of dementia and provides advice for working with clients at three stages of decline: mild, moderate, and severe.
- In mild decline, discuss plans for caregiving and review financial and legal plans.
- In moderate decline, plan to deepen your relationship with the client's advocate.
- During severe decline, contact must be with the client's advocate and be oriented to providing comfortable care for the client.
- Legal and caregiving experts provide advice on procedures and training that will enable you to efficiently deliver significant value to clients and protect your practice.
- A written policy for how you will work with clients with dementia may help you avoid ethical and legal dilemmas.
- Be sure your privacy policy allows you enough flexibility to protect both your client and your firm.
- Include a client's advocate (family member, friend, attorney-in-fact, or successor trustee) in conversations and meetings you have with your client.
- Active listening and other communication skills will improve your ability to communicate with your clients who have dementia.

to manage their own affairs and will be entirely dependent on others for care.

Proactive planning can significantly improve quality of life for people who suffer from Alzheimer's and for their caregivers. However, there are few federal or state laws that guide appropriate actions or clarify your liability when

working with clients with Alzheimer's. Not surprisingly, "96 percent of financial advisers do not feel fully prepared to assist clients with Alzheimer's," according to a white paper published by Fidelity in 2009.²

Without training and preparation, working with clients with Alzheimer's

can be time-consuming and increase your professional liability. Planning professionals often delay appropriate planning because they lack the communication tools needed to discuss dementia with clients. You can protect your practice and efficiently deliver significant value to clients if you develop procedures for how you will work with these clients and provide proper training for your staff.

What Is Dementia?

It is important to understand what dementia is, as well as the stages of decline a person who has the disease will go through, in order to effectively work with clients who have dementia.

Dementia is a common problem in elderly people. It is caused by the deterioration of blood or nerve structures of the brain, and Alzheimer's disease is the most well known cause of dementia. Other causes of dementia include brain damage from a stroke or other circulatory problems in the brain. Approximately 6.8 million people and 50 percent of Americans over age 85 have some form of dementia.³

Early stages of Alzheimer's and other forms of dementia include decreased memory, problem solving, and language skills. Later stages include difficulty with familiar tasks, memory loss, and poor judgment. Eventually, a person with Alzheimer's will become completely dependent on others for care.

Many forms of dementia are progressive. This means the structure and chemistry of the brain become increasingly damaged over time. As a result, a person's ability to remember, understand, communicate, and reason gradually declines. It is important for planners and caregivers to recognize that the symptoms of Alzheimer's will never improve; they will only get worse. People with Alzheimer's can expect to live 8 to 10 years after diagnosis, though some live as long as 20 years.⁴

Research has identified several risk factors that increase the likelihood of developing dementia, though a complete picture of how it develops is still unclear. Family history seems to play an important role, though many people with a family history of the disease never get it. Heavy drinking and smoking seem to increase risks, though moderate drinking may actually reduce one's risk. Additionally, high LDL cholesterol and diabetes increase one's risk.⁵

While there is currently no cure for Alzheimer's, a few drugs are available that may slow progress of the disease by 6–12 months for some people. Early diagnosis by a doctor can be very helpful. If you suspect your client has early stages of dementia, recommend he or she talk to a doctor about the symptoms you have noticed.

Stages of Decline

A person who has Alzheimer's will go through several stages of decline.

Mild Decline. In early stages, clients with Alzheimer's exhibit mild to moderate cognitive decline. They may have increased difficulty remembering names or words and may often misplace things. (Many healthy people also have these problems.) This stage of decline is usually most noticeable to family and close friends. In the period before diagnosis, planners may also notice a trend of decline as well. Clients may become frustrated and feel insecure if they are unable to remember things they feel they should. Additionally, clients may have confusion about places and dates, which may cause them to forget where your office is or to miss appointments.

Recommendation. Encourage your client to have a conversation with loved ones about the possibility of decline and how she would like to be taken care of. It is essential to review financial, legal, and care-giving plans during this stage. For more information see Keith

Fevurly's 2004 *Journal of Financial Planning* article "Planning for Incapacity."⁶ It is also important to introduce a client's family member or close friend into your client relationship at this stage. Many people bring a friend to the doctor with them to help remember what the doctor says. Likewise your client's advocate can help your client remember the topics you discussed after the meeting. This will save you time and frustration when your client does not accurately remember what you discussed. The moment you suspect your client is becoming mentally impaired, it is time to get someone else involved.

Moderate Decline. In addition to memory decline, clients with Alzheimer's eventually have trouble performing complex tasks such as paying bills and managing finances, and may seem more withdrawn socially. A caregiver may be required to help with picking out proper clothing, shopping, or cooking. When clients remember things incorrectly, they may also become frustrated with those around them for not remembering things the same way. To people with dementia, what they remember is their reality. It is not essential for caregivers or planners to correct every mistaken memory.

Recommendation. It is vital for your client's advocate to have the legal authority to act for your client if needed. It's also important that your client's documents accurately reflect power of attorney and successor trustee appointments, and that you remain informed about those decisions. As your client's abilities decline, you will interact more with your client's advocate.

Your client's advocate may also be your client's primary caregiver, which can be a time-consuming and stressful role. It's very difficult for caregivers to watch a loved one become increasingly incapacitated. If you recognize the emotional and practical challenges your client's caregiver faces you can deepen

your relationship with your client's advocate and also highlight the value you are providing.

Severe Decline. During this phase of the disease, clients' memories will continue to worsen and they will probably be unable to remember recent experiences. Specifically, they may not remember conversations you have had with them or decisions they made in the last few years. Clients may also show significant mood or personality changes, which can be particularly challenging. At this stage a caregiver will be required to help with many acts of daily living (ADLs) such as dressing, cleaning, cooking, and perhaps even eating.

Eventually your client will need help with most daily activities, including toileting. Your client may struggle with delusions, hallucinations, and compulsive behaviors. Additionally your client may also wander off or get lost, requiring around-the-clock care. In the final stages before death, your client may be unable to sit up unsupported and may be unable to understand any words or speech.

Recommendation. At this stage, all of your interaction must be with your client's advocate. Together, your goal is to allow your client to live his or her last few years in a comfortable and respectful way, allowing family and friends to benefit from their loved one's company.

Legal and Ethical Considerations

Clients who have dementia may present your practice with legal and ethical challenges. A written policy for how you will work with clients with dementia may help you avoid ethical and legal dilemmas.

Handling everyday finances is a cognitively demanding activity. Studies suggest a person may show noticeable decline in the ability to perform complex tasks such as driving, taking medication, and managing finances up to 10 years before a clinical diagnosis

of dementia. "People who will later develop dementia are already more restricted ... especially in handling finances."⁷ You may notice a decline in your client's mental capabilities years before a doctor provides a diagnosis.

According to Tom Campbell, an estate planning attorney in Fairfax, Virginia, if your firm acts on a request from a client who is not legally competent to make decisions, your firm may be liable if your client is harmed by his or her own request. Your client's inability to understand you or remember your advice may result in confusion, extra time, and frustration for both the client and your firm. Failing to develop a plan for working with clients with special needs may result in unnecessary costs for your firm.

You may decide you are not willing, or do not have the resources, to work with a client with dementia. Consider referring him or her to another planning professional who can help. If you simply decide to stop working with a client, this could be perceived as abandoning your client when he or she needs you most. This perception could have negative repercussions on your staff's morale, as well as your reputation in your community. The decision may also conflict with CFP Board's principle of professionalism, which is "to behave with dignity and courtesy" and "enhance and maintain the profession's public image."⁸

If you continue working with a client who has dementia, there are risks if you continue to work with this client in the same way you work with your healthy clients. The liability for negligence earlier mentioned by Campbell is one such risk. He also says negligence in this area is a difficult standard to prove. Alternatively, your firm may also be liable if you choose not to fulfill a client's request because you have a "Duty of Loyalty" to your client. In other words, was it obvious your client did not understand

what he or she was doing or that his or her action was clearly not in his or her best interest? Unfortunately there are few state or federal statutes and little case law to provide guidance on when or how it is appropriate to intervene.

Because of the progressive nature of Alzheimer's, your client will need more help over time and will eventually be unable to interact with you. Your firm can save significant time and reduce your professional liability if you communicate with your client's advocate earlier rather than later. Your challenge is to guide your client to decide for herself to include her advocate in your client relationship. Unfortunately, according to a survey published in 2009, half of advisers do not feel comfortable addressing the subject of dementia with clients they suspect of having the disease.⁹

To make this transition easier, first focus on making your client your ally. According to Dorree Lynn, Ph.D., a psychologist and care-giving expert in Washington, D.C., the last thing you should do is contact your client's advocate without your client's permission. As your client's dementia progresses, he or she will likely feel increasingly insecure and isolated. Clients are more likely to accept your advice if they feel important and included. When you meet with your client and his or her advocate at the same time, be sure to include your client in the conversation, rather than interact entirely with the advocate.

There are ethical as well as legal considerations when you decide whether or not to act on a client request. It is important to consider the distinction between what is ethical and what is legal. Ethics addresses the more subjective distinction between good and bad.¹⁰ Laura Addington, CFP®, in her January 1998 *Journal of Financial Planning* article "The Ethical Dilemmas of Working with Clients with Intermittent Capacity," says, "To resolve ethical dilemmas, one must scrutinize carefully gathered

information and develop protocols.” Her article offers advice on protocols that may help protect your firm and your client.

Additionally, you may wonder whether or not you are allowed to proactively contact a client’s family member, successor trustee, or attorney-in-fact without your client’s permission even if doing so would protect your client. Client confidentiality is a foundation of professional conduct. The CFP Board code of ethics seems to clearly prohibit breaching client confidentiality “unless in response to a legal process.” The CFP Board code does not specify, however, what type of information you must keep confidential. According to Tom Campbell, it depends on whether your privacy policy allows such contact.

Recommendation. After consulting an attorney, consider amending your privacy policy to allow you flexibility under certain circumstances. Consider also that you are not medically qualified to make a medical diagnosis of your client on your own. If you suspect your client may have dementia, encourage him or her to see a doctor.

Understand and document your client’s goals and values. In the early stages of decline, you may want to provide your client with a written recap of conversations and meetings. Encourage your client to include an advocate in conversations and meetings. If you perceive a decline in your client’s memory or decision-making ability, document these changes in your internal notes. If you are uncomfortable following a client’s request, then require the request in writing.

Your firm’s dementia policy should include three primary elements:

1. **Procedures:** Develop internal procedures for what should happen when you know or suspect your client’s cognitive abilities are declining. A few steps of the plan should be:

- » Update your client’s estate and legal documents.
 - » Simplify your client’s finances and consolidate bank accounts and investment accounts as appropriate.
 - » Encourage your client to see a doctor.
 - » Help your client identify who should serve as your client’s advocate. This person should be your client’s legal representative and may also be your client’s caregiver.
 - » Build a relationship with your client’s advocate. Encourage your client to include this person at meetings.
 - » Focus your client on developing a plan for the future. It is important to address where he or she will live and how he or she will pay for it.
2. **Privacy Policy:** Ensure your privacy policy allows you enough flexibility to protect your client and your firm.
 3. **Training:** Your staff should know what to do when they interact with a confused client.
 - » Review your dementia policy and procedures regularly with your staff. This review may include a discussion of the nature of dementia and practical and legal challenges of working with clients who have dementia.
 - » Provide your staff with training in communication and active listening skills.

Communicating with Your Client

Communicating with your client will become increasingly difficult as your client’s dementia progresses. There are listening and communication tools to make your job easier and allow your client to feel understood.

Here is an example in which these skills are useful: John, an 85-year-old

client, calls me. He just received his brokerage account statement in the mail and is upset and confused. “I’m not doing too well! I want to sell what I have left!” he tells me. Sympathetically and calmly I ask, “John, why are you angry?” He accuses me of losing all his money and asks how he will pay the tax bill that is due. I feel bad for John. I can only imagine how awful it must be for an 85-year-old man to imagine he is almost broke. Actually John is misreading his account statement, and I know this because I have had this conversation with him before. How can I help him?

Active Listening. John is obviously very upset. It’s important to listen before jumping into giving advice. According to Lynn, a client can be your ally. An important part of achieving this goal is learning how to “meet your client just below the surface.” This is known as active listening, and these skills are especially helpful for working with clients with diminished cognitive capacity. Lynn strongly recommends all financial planning professionals receive training in active listening skills.

Stephen Covey discusses active listening skills, which are helpful for working with all clients, in his bestselling book *The 7 Habits of Highly Effective People*. Habit #5 is “Seek First to Understand, Then to Be Understood.” I also discussed active listening skills with Chris Brookfield, an executive coach in Bethesda, Maryland. He says there are three levels of active listening:

Level 1: Listen to Have Your Own Thoughts:

Casual conversation at the beginning of meetings uses the first level of listening skills. For example, if your client mentions a recent trip to Italy, you might reply with a story about your own experience in Italy. This level of listening, however, is not very helpful when giving planning advice. If your client calls and wants to sell all of his investments you should not

immediately reply with reasons why you think this is a bad idea. Stephen Covey refers to this as “prescribing without diagnosing.”¹¹ By not listening carefully to concerns and fears, you miss the important part of the conversation. Instead, listen to understand what your client really needs and wants.

Level 2: Listen to Understand What Your Client Is Saying:

Clients with dementia have trouble clearly articulating what they mean or what they want. This second level of listening is important for working with all clients, and especially those with dementia, because it provides you with the opportunity to avoid misunderstanding what your client wants.

Continuing with the previous example, an appropriate reply to your client might be, “I want to make sure I understand you clearly. You have asked me to sell everything? Is this correct?” Patience is important; allow enough time for your client to find his own words. Avoid finishing your client’s sentences because it can be infuriating to him if you finish his sentences incorrectly.¹²

Level 3: Listen to Understand How Your Client Is Feeling: In addition to hearing what your client says, look for clues to how your client is feeling by observing body language and tone of voice. If your client calls unexpectedly and commandingly asks you to sell everything, recognize he is upset: “You seem angry; can you tell me why?”

Most people find it difficult to put their feelings into words, especially people with dementia. This third level of listening provides an invitation to your client to explain where he is coming from. Your client will experience a sense of relief when he feels understood. Covey refers to this as “psychological air.”¹³ When your client

feels understood he will be more open to your professional guidance. Fully understanding your client also saves you from wasting time talking about things that are unimportant to your client, such as discussing market trends when your client is actually concerned about paying his tax bill, for example.

Reassuring Body Language. Communication comprises three parts: 55 percent is body language, 38 percent is tone and pitch of your voice, and 7 percent is the words you use.¹⁴ Your clients with dementia will have more difficulty understanding the words you use than your healthy clients. As a result, your body language and tone are especially important for communicating your advice and for helping your client feel safe and understood.

When you meet with a client in your office, you should provide a comfortable environment that limits outside noises and other distractions. You should maintain eye contact and remain calm and still while your client is talking.¹⁵ Avoid unnecessary movements and shuffling of papers because these can be distracting. You should also lean toward your client, rather than sit back in your chair. Sitting back in your chair may be perceived as defensive rather than inviting. Your goal should be to help your client feel important, relaxed, and understood.¹⁶

Be careful to avoid a few other things as well. Standing or sitting above your client’s eye level can appear intimidating so try to interact with your client at her eye level. Additionally, if you are frustrated with the topic or pace of the conversation, avoid sighing, frowning your brow, or fidgeting. These actions will cause your client to feel defensive and insecure.

Be Clear and Straightforward. Your client with dementia probably recognizes, and is frustrated by, his

memory lapses and the difficulty he has communicating his thoughts. You can help him feel more secure if you offer words of reassurance and let him know you enjoy taking the time to listen. Before speaking, make sure you have your client’s attention, then lower your tone of voice and speak calmly.

Try to express yourself clearly and as simply as possible without talking down to him. Avoid open-ended questions such as, “What would you like to drink?”

“Your client with dementia probably recognizes, and is frustrated by, his memory lapses and the difficulty he has communicating his thoughts.”

and instead ask yes or no questions such as, “Would you like tea or coffee?” Avoid “him,” “her,” and “it.” Instead, use names for people and places. If your client does not understand what you said, first try repeating yourself using the same exact words. You can even use humor to relax the mood, perhaps by joking about your own inability to remember details. If your client continues to have trouble understanding you, consider changing the subject. When you come back to your thought later, try to use different words.¹⁷

When your client remembers something imprecisely, be very careful about correcting her. What your client remembers is her reality, whether it is factual or not, and you have limited ability to change your client’s perception of reality. If you do correct her, you may cause her to feel insecure or frustrated with you. If your client says the last time you talked with her was last month, when it was actually last week, it may not be productive to correct her.

Alternatively, if your client remembers asking you to sell when she actually asked you to buy, it may be appropriate to correct her, remembering to use reassuring body language and a calm tone of voice. To reinforce and aid memory, Glenn Kautt, CFP®, EA, AIFA, a planner in McLean, Virginia, recommends you provide clients with a written summary of meetings and conversations.

An inability to understand or remember details also highlights the importance to encourage your client to bring a friend or family member to meetings. When your client remembers something incorrectly, it will help if your client's advocate supports what you remember. Your job will be much easier if you have the appropriate support person in your corner.

Encourage Your Client to Include an Advocate. Your client may resist including a friend or family member at meetings and there is a cultural explanation for this. In Western culture, we perceive that how we handle money says a lot about what kind of people we are. Lynn says, "Money is harder to talk about than sex." Clients may resist letting their children or other family members help them with finances, because it makes them feel vulnerable to the judgments of others.

Money is deeply personal. Your client's declining abilities may also cause her to feel insecure, as well as threatened by the idea of giving up control. It may help if you reassure your client that she has made very good decisions for herself and your job is to help her continue to make good decisions. When you encourage your client to bring her advocate to a meeting, Lynn suggests you compare it to going to the doctor. There is a rule of thumb in the medical profession of "never go alone." We all know it can be difficult to remember a doctor's explanation or advice. Many people ask a friend or family member to accompany them to the doctor to help remember what the doctor says.

Similarly, even very healthy clients find it difficult to understand and remember financial advice. Lynn says it can be empowering to your client if you phrase your advice this way, "It is wise to have someone you trust with you to help listen."

Framing your advice with a comparison to a familiar challenge such as going to the doctor may help you address objections your client might have and may also help your client feel secure and in control. When your client brings his advocate to the meeting, you must also remember to focus on and include your client in the conversation. Also, when appropriate, reassure your client that his advocate is doing a good job. This will help your client feel more comfortable and help you build good will with the advocate.

Conclusion

Working with clients who have Alzheimer's or other progressive forms of dementia can be very challenging and presents risks to your firm. Your client's condition will only decline over time. Procedures and policies for working with these clients will help your clients and protect your firm. Knowing how to communicate with clients who have dementia will also improve your ability to serve them efficiently and effectively. Proactive planning will improve life for your client, your client's caregiver, and for you.

People with dementia need professional financial planning. This is a wonderful opportunity for you to highlight the value of your services and also develop your business. When Alice's caregiver is asked by a friend, "How is Alice?," Alice's caregiver may just mention to her friend how helpful you have been. Before you can get there, however, you must first consider what you will do when Alice calls with a problem.



Endnotes

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