Financial planning a key but neglected component of Alzheimer's care, say researchers

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Patients newly diagnosed with Alzheimer's disease or other dementias, and their families, need better guidance from their physicians on how to plan for the patient's progressive loss of ability to handle finances, according to a study led by a physician at the San Francisco VA Medical Center and the University of California, San Francisco.

"When a patient is diagnosed with Alzheimer's disease or dementia, the chance that their physician will discuss advance planning for finances is miniscule," said lead author Eric Widera, MD, a geriatrician at SFVAMC. "And yet when family members and caregivers are asked what's important to them, finances are near the top of the list."

Writing in the February 16, 2011 issue of the Journal of the American Medical Association, the authors use a case study of an Alzheimer's patient who progressively lost the ability to handle finances as a springboard for a review of medical literature on the topic of dementia and financial impairment.

"The literature tells us that financial incapacity occurs very early and very rapidly in Alzheimer's disease and other dementias," said Widera, who is also an assistant clinical professor of medicine in the Division of Geriatrics at UCSF. "Patients start having difficulty managing bank statements and paying bills in the pre-dementia phase – mild cognitive impairment – and then, often within a year, lose more basic financial skills like counting coins and paying with cash."

This rapid progression of financial incapacity, said Widera, makes it "essential" that physicians proactively counsel patients and their families on financial planning "early in the disease, while the patient still has the capacity to make the decisions" that will allow trusted caregivers to take over finances.

"This is about giving patients with dementia a choice, respecting them as individuals, and working to maintain their autonomy even beyond the point where they can't make decisions anymore," Widera said. "Proper financial planning will leave both the patient and the caregiver with more financial resources to deal with the consequences of the disease."

As a first step in financial planning, the authors recommend that early in the course of the disease, the patient sign a durable power of attorney authorizing a family member or other trusted caregiver to make financial decisions on the patient's behalf. "If you wait until it's too late for the patient to be involved in the decision-making, you have to go to court, which makes it much more difficult and expensive" for the caregiver to take over financial responsibilities for the patient, warned Widera.

Another strategy is for the patient and a trusted caregiver to open joint financial accounts. "The caregiver can go online and see where the money is going," noted Widera. "This can protect the patient's autonomy while giving the caregiver a bit of oversight, and provide an early warning system as the disease progresses."

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