

Bank statements reveal clues to excessive spending and cognitive decline

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Early memory loss has been linked to wealth loss, but research has mostly focused on investments. Four years ago, clinical geropsychologist Peter Lichtenberg, Ph.D., wondered what clues might be found in an

older person's financial decisions to indicate their vulnerability to financial victimization.

Lichtenberg is director of the Institute of Gerontology at Wayne State University and a national expert in the financial exploitation of older adults. The results of his curiosity have now been [published](#) as "The WALLET Study: Financial Decision Making and Key Financial Behaviors Associated with Excess Spending" in *Clinical Gerontologist*.

To answer the vulnerability question, Lichtenberg devised the WALLET (Wealth Accumulations & Later-life Losses in Early cognitive Transitions) study. WALLET takes the unique approach of analyzing a year's worth of participants' checking account statements for signs of excess spending and other anomalies. Results from the study's 150 participants offer important clues about the intersection of financial risk and early memory loss.

Participants ranged in age from 59 to 96, with about half having perceived or [mild cognitive impairment](#). All were interviewed on health status and assessed for memory function, financial decision-making and financial literacy. Excess spending was determined by subtracting budgeted expenditures from income, with negative amounts receiving a percentage score.

Lichtenberg and his team hypothesized that three factors would be significantly associated with excess spending: early memory loss, as well as scores on two scales created by Lichtenberg, the Financial Decision Rating Scale and the Financial Vulnerability Index. Early memory loss was a predictor of excess spending. The association between early [memory](#) loss and excess spending was accounted for by scores on the Financial Decision Rating Scale and the Financial Vulnerability Index.

"Financial capacity is multidimensional," Lichtenberg said. "The

WALLET study demonstrates the important links between cognitive status, other financial abilities and excess [spending](#)."

Lichtenberg is particularly pleased with the study's successful use of [financial data](#) from actual bank statements. "Discussion of finances is often considered taboo," he said. Yet, his team was able to sensitively acquire copies of participant bank statements—even during the isolating years of COVID-19.

"Establishing trust with each participant was paramount to reviewing this data," he said. "Our results show the viability of this approach, however, and especially how financial decision-making and management can impact wealth loss." Lichtenberg will present the results of the WALLET study at the [Alzheimer's Association International Conference](#) in Philadelphia on July 31.

More information: Peter A. Lichtenberg et al, The WALLET Study: Financial Decision Making and Key Financial Behaviors Associated with Excess Spending, *Clinical Gerontologist* (2024). [DOI: 10.1080/07317115.2024.2348049](#)

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