

Talking to Mom About Alzheimer's and Her Money

Alzheimer's impact: lost money, damaged credit, even foreclosure.

By *GLENN RUFFENACH*, editor of the *Wall Street Journal's* 'Next' section, a guide to retirement planning and living.

Increasingly, my friends and I -- most of us in our mid- to late 50s -- are starting to see the same thing: elderly parents who are grappling with memory loss and finding it difficult to manage their finances. And most of us, I'm learning, are making the same mistake: We're waiting too long to act.

The numbers are scary: One in eight Americans age 65 and over and 43 percent of individuals 85 and over have Alzheimer's disease. Every 69 seconds, on average, someone in the U.S. develops the illness. But financial advisers and accountants, when asked about their experiences with clients who have memory loss, invariably raise the same concern: Elderly parents and adult children alike are too slow to seek or provide help in the early stages of decline.

"Denial is a big part of it," says Ron Kelemen, a certified financial planner with the H Group in Salem, Ore., who has seen the problem firsthand. Parents, hoping to stay independent, typically are quick to minimize difficulties; adult children, hesitant about meddling, may ignore red flags. The consequences, says Kathleen Michon, an attorney and editor at Nolo, a provider of legal information and products, can be dire: closed accounts, damaged credit, money lost to scam artists -- even foreclosure.

I asked financial advisers to highlight the warning signs involving memory loss and money management, as well as how to broach the issue with elderly parents and what steps to take. Here are some of their thoughts:

Red flags

Amy Charles, a senior vice president and financial adviser at Pinnacle Financial Partners in Nashville, remembers visiting her father -- and overhearing him give his debit card number to a caller on the phone (purportedly, from a political campaign). Shocked, she warned him against sharing financial information with strangers, but soon learned why older adults, in particular, are disposed to listen and agree to requests for help. "It's a way to stay involved with the outside world and feel like you're still making a difference," she explains.

But unusually large numbers of phone solicitations and mailboxes stuffed with donation requests are two signals that parents might need help, Charles says. Other indicators: checkbook mistakes; unpaid bills; and desks and drawers, once neatly organized, now scattered with paperwork.

"Can we talk?"

Broaching the issue of financial assistance with parents is difficult enough; waiting until problems have arisen all but guarantees conflict, says Kiki Brink, a former college professor who worked with dementia patients in hospice settings before starting her own personal-administrator service in Salem, Ore. "If you suddenly step in and take control, without any prior give and take, parents feel belittled," she says. But "if you get in early, you haven't taken away their dignity."

Several strategies can help. Michon suggests that adult children and parents -- before memory loss sets in -- agree on "triggers" that might signal a need for help (for example, a notice that an account is in arrears). At the same time, both sides can settle on a plan that lets parents and children work together if such an event occurs.

You can share news articles with parents about scams targeting older adults -- and ask to monitor their accounts for signs of abuse, says Charles. Or you can tell them about steps you've taken to safeguard your own finances and ask if they have similar plans. Sometimes, the simplest approach is best, says Brink: Point out that, as they've aged, they've likely allowed others to help with tasks like yard work or home repairs -- and that "there comes a time when we all need a 'personal secretary' to help with money."

Diving in

If your parents are willing to accept help, the critical first step is to ensure that they have essential documents: a will, a power of attorney and health directives. Consider, too, the benefits of a living trust, says James Kane, a tax lawyer in Atlanta. With a power of attorney, you're acting "simply as [your parents'] agent, and some third parties will balk at dealing with an agent," he notes. As a trustee, though, you could take direct control, if need be, of a parent's assets.

An increasingly popular -- and less hands-on -- option is a service called "daily money management." Pros who offer it can sit with a parent at home and help pay bills, balance checkbooks and file medical claims, among other tasks (a list of such managers can be found at the website of the American Association of Daily Money Managers, aadmm.com). Be sure the managers are insured, bonded and willing to include other family members in their work, says Vivian Wright, president of Common Sense Solutions, which offers money-management services in Atlanta: "If you aren't asking to review what a manager does, that's a big mistake."

With luck, your parents will act on many or all of these things before you do. Adviser Kelemen recalls a client who, with his wife and daughter, walked into Kelemen's office and asked to have his name removed from all his accounts. "He knew his memory was slipping, and he didn't want anyone to take advantage of him," Kelemen says. "That takes a lot of courage." ■

The Uneven Burden

More women than men in the U.S. have Alzheimer's disease and other forms of dementia.

Almost two-thirds of all Americans living with Alzheimer's are women. 3.4 million women age 65 and over have Alzheimer's; 1.8 million men of the same age do.

16% of women age 71 and over have Alzheimer's or other types of dementia; 11% of men do.

Source: Alzheimer's Association