Advisor Innovation And Client Dementia

FEBRUARY 1, 2016 • STEVEN A. STARNES

There is no denying that financial advisors face a significant and increasingly common challenge. Many of our clients are beginning to fall victim to age-related dementia. I'm not saying this to demoralize you, but to inspire you—because I believe there is a solution in sight.

In a word, that solution is innovation. And I believe that the best way to innovate is to do what we advisors already tend to do best during problem resolution: We coordinate and converse with everyone involved—from caregivers and fellow professionals to the seniors themselves.

This isn't just conjecture on my part. There are abundant and exciting opportunities to improve services for seniors. Recently I attended a Grand Rapids, Mich., meeting for Aging 2.0, a group dedicated to bringing together a global and diverse network of service providers to accelerate innovation and improve the lives of seniors. It was fun—and productive—to sit around a large table with professionals from various backgrounds, brainstorming the possibilities. The experience gave me considerable hope and more than a few new ideas. And that was just one small meeting.

Advisors and other financial professionals can improve how we serve and protect seniors, especially those facing age-related dementia. Medical research tells us that one of the first signs of dementia is difficulty managing personal finances. This means our clients can make really expensive mistakes with their money before their family or friends recognize there is a problem. How can we protect our senior clients, as well as their caregivers and families?

During the past few years, as I've networked with others about the challenges, I've seen several best practices emerge to protect clients who develop cognitive impairment. Here are some to consider bringing into your own firm.

Prepare

Sandra Adams at the Center for Financial Planning and Peter Lichtenberg, professor at Wayne State University, discuss the signs of diminished capacity in their *Journal of Financial Planning* article, "How to Protect and Help Clients with Diminished Capacity." Perhaps your client seems more disorganized than usual, does not remember recent conversations or is making decisions that do not fit with her plan or values.

More important, consider what you and your team should do if you are concerned about your client. Transamerica has a great guide for advisors, "The Advisor's Guide to Financial Planning in the Shadow of Dementia." You might spend some time at one of your team meetings exploring these questions:

1. How can we recognize cognitive impairment?

2. How should we communicate with our client and what planning steps should we take?

3. What should we do if we believe our client is being taken advantage of?

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Communicate

Working with a client who has dementia can be difficult because he or she may not remember conversations and may have trouble communicating with you. Again, it's time to innovate, as your usual strategies may no longer be effective. A few new communication tips make it much easier: It is helpful, for instance, if you avoid open-ended questions, use proper names for people and places, and simply repeat yourself if your client does not understand you at first.

We also make it a common practice in our firm to send a brief summary after a conversation or meeting. This can help clients remember what was discussed and decided and can also save you from repeating yourself later. Additionally, active listening skills are very helpful for working with all clients, whether they have cognitive impairment or not.

Update Policies: Advocate Designation and Privacy

A person in the early stages of dementia can make really expensive financial mistakes. Yet most financial firms focus solely on protecting client privacy, often at the expense of financial security. Thankfully, there are some best practices to help you achieve a balance between both.

• Ask clients to sign an advocate designation form so you have permission to reach out to someone if it is necessary to protect the client. Consider including this form in your new account paperwork.

• Should you have a concern, discuss it with your client first before reaching out to anyone else.

• Many firms have updated their privacy policy to provide some flexibility for a professional to reach out to a family member or attorney-in-fact if it would be in the best interest of the client.

• Fidelity is promoting "EverSafe," an account-monitoring service to help clients and their families watch out for fraud or financial abuse.

• If you suspect fraud or abuse, most states allow financial professionals to report it to adult protective services without it being a breach of privacy. Some states are considering making financial professionals mandatory reporters, similar to doctors, social workers and care providers.

Encourage Family Communication

In your role as a family's financial advisor, you may want to implement another innovation: Encourage your clients to talk with their families about how they would like to be helped as needed with care and finances, and whether their long-term-care plans are in place. I find

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