

# Beacon in the FOG

With the number of dementia cases rising in Canada, **Diane Peters** explores how advisors can better support clients experiencing cognitive impairment



**R**achelle Langlois's client was a year away from running out of money. This widow in her 80s may have been experiencing early-stage dementia, and while her doctor determined she was still mentally capable of handling her finances, she became confused by the threats and promises of phone scammers. She refused to tell her family she was draining her savings, much less the police, despite pleading from Langlois.

"When I started in this business nine years ago, I was in my early 30s. So I had a lot of younger clients," says Langlois, CFP, CHS, financial planner at Silver Path Financial Solutions in Cranbrook and Kimberley, B.C. Then, she inherited some older

clients from a retiring advisor and was suddenly dealing with different and sometimes challenging scenarios. "This was a new situation for me."

When a client is showing the signs of dementia or has been diagnosed with a condition such as Alzheimer's disease, it has a significant impact on their financial decision-making abilities and their financial needs. That, in turn, leads to different demands and responsibilities for advisors.

"This has been a really big learning experience. I don't think the industry talks about it enough," says Langlois. After consulting with her company's legal department, doctors, and the family — she didn't even have a means to get in touch with them

at first — she’s now stopped giving the client money to protect the rest of her nest egg.

As well, Langlois has been looking to educate herself on cognitive impairment. She sees it as a path toward growing her business, in addition to a way to better navigate supporting such clients. “It’s really an opportunity to differentiate ourselves, and also further help the clients and the families that we’re working with.”

## A GROWING CHALLENGE

“Cognitive impairment is part of every financial planner, financial advisor, and wealth industry professional’s portfolio, whether they know it or not,” says Toronto-based Laura Tamblyn Watts, founder and CEO of CanAge, a national group advocating for the rights of seniors.

It’s estimated that by 2030, nearly a million people in Canada will be living with dementia, an umbrella term for a set of symptoms that include memory loss, difficulty with thinking, and personality changes. Alzheimer’s disease is the most common cause of dementia, responsible for 60% to 80% of cases, but there are numerous others.

People diagnosed with dementia may need years of hands-on care to stay healthy and safe, which can put extra pressure on their finances. Critically, dementia, along with addictions, mental illness, and traumatic brain injury, can change a client’s ability to deal with money. As a result, it’s vital for advisors to learn about conditions that affect abstract thinking and planning, and adjust accordingly, Tamblyn Watts says.

“Advisors have the obligation to ensure that people understand the information they’re given and the implications,” she emphasizes, adding that financial advisors might see early stage cognitive changes before family members. That’s because it takes an average of 10 years for a formal diagnosis, but abstract reasoning can be affected first. “[Advisors] may notice it in a person who otherwise seems just fine.”

## SUPPORTIVE STRATEGIES

Recognizing the early signs of cognitive impairment doesn’t mean cutting clients out of discussions, stresses Marjorie Moulton, who runs Victoria-based We Rage We Weep Dementia Consulting. She says even clients with advanced disease can often participate in planning — but advisors should use plain words, and as few words as possible, plus simple visual aids, if possible.

“I’ve worked with people who remain very capable deep into their disease. We need to be careful about not writing people off and keep them involved as long as possible,” Moulton says.

Even if someone has severe impairment, speak directly to them, she advises. “Include them in the conversation, keep eye contact with them, ask them questions. Just because they lose capacity doesn’t mean that they become part of the background. That’s where it gets very dehumanizing.”

That said, advisors may want to include clients with more severe disease in big-picture meetings only, and work separately with their designated representatives to deal with more detailed, complex planning. “Separate out those meetings with your clients to what is appropriate,” Moulton suggests.

Keeping clients with cognitive impairment involved in their finances may mean it’s necessary to schedule longer advisor appointments.

“Slow things down a bit,” says Betty-Anne Howard, CFP, CLU, CHS, CEA, MFA-P™, with Athena Wealth and Legacy Solutions in Kingston, Ont. “Normalize trying to understand by saying, ‘This is a whole other language, which, at the best of times, isn’t the easiest thing to understand.’”

Send documents in advance, adds Camryn Berry, knowledge transfer and exchange associate with the Alzheimer Society of Canada, and make sure the client gets reminder calls about financial appointments, even if someone is picking them up. Tamblyn Watts also recommends appointments earlier in the day, when such clients will likely be at their best. Know that some days are better than others, Moulton says, as cognitive skills are fluid.

Keep in mind that clients and families can be emotional at various stages of coping with dementia, from the shock of diagnosis to, perhaps, needing to move someone into long-term care. Howard says it’s important to resist the urge to dismiss feelings and say everything will be fine. “Be comfortable with being present with the emotions and have some empathy for what they’re going through.”

With families, Howard also suggests going slow, especially if they’re just getting used to taking the reins.

## TO-DO LIST

When you suspect cognitive changes, work quickly to ensure documents are in order. “As early as possible, have conversations and find out what they really want to happen to their money and their health,” suggests Berry.

Howard creates a holistic financial plan for all her clients out of the gate. “It’s really good to have something that we can refer back to and know that we already talked about it,” she says, explaining that the plan informs conversations with families who take over finances on behalf of a client. She always steers them away from strategies that don’t align with the plan.

Langlois says it was more difficult to support her scammed senior client because she didn’t yet have a trusted contact person (TCP) — someone the Canadian Securities Administrators now recommends appointing for every client. When possible, aim to have the TCP not be the client’s designated power of attorney.

“Everyone should have [a TCP] on file,” Langlois says, and she is more focused than ever on obtaining one for all clients. “They can’t make decision about accounts or change anything. It’s simply someone on file that you can contact if you’re concerned.”

Arrange with clients to work with a lawyer to set up an enduring or continuing power of attorney, which will allow a representative to manage their money when they are no longer able — a doctor will determine when the person is no longer mentally capable. Depending on where you live, power of attorney documents may cover off financial concerns and decision-making about a person’s health. Some provinces may require personal or health directives, representation agreements, or mandates to transfer that power.

Updating the will as early as possible is critical, as someone with power of attorney cannot do this. “It can be helpful to put together a visual family tree,” says Tamblyn Watts, who recommends such a tree include pictures, plus labels to indicate where

# PRACTICE MANAGEMENT

people live and perhaps information regarding when and where the client often sees this person.

The person who holds power of attorney also cannot change beneficiary designations for insurance policies, pensions, or registered accounts. “I review that with every senior client every time I meet with them. Once their mental capacity changes, they may no longer be able to change the beneficiary designation,” says Langlois.

In addition, advisors should itemize all of a client’s assets and accounts — including bank accounts, credit cards, loans, pensions, cemetery plots, and insurance policies — and be sure the paperwork and passwords are stored somewhere safe but accessible.

# PROTECTING CLIENTS

Provincial legislation offers protection for vulnerable adults, and Langlois looked to B.C. laws when she needed to make tough decisions about the finances of her client who was being exploited financially. “In some cases, confidentiality rules can be breached if you’re protecting a vulnerable client,” she points out.

Berry says joint accounts and credit limits on credit cards may offer further protection against scammers, who are becoming increasingly pervasive and sophisticated.

Something else that can happen, sadly, is financial abuse from friends or family, and Berry says advisors should watch for signs of possible financial abuse, such as sudden changes in

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plans or a sense of urgency about a decision. As many as 12% of Canadian seniors with dementia are victims of elder abuse, the most common being financial abuse.

Meanwhile, even the most caring of families can get distracted by their own financial concerns when deciding what to do about, say, a senior’s valuable property. “We make it abundantly clear to people that our first priority is to take care of our clients,” stresses Howard.

There’s a tremendous upside to getting all of this right. Advisors who learn more about cognitive impairment and its impact on financial planning may see more opportunities to help clients and their families — and grow their practice.

“People who care about meaning and relationships, this is where the satisfaction in being an advisor comes from,” says Tamblyn Watts. “If you get good at this, you will gain more clients and you’ll be helping people out.”

*DIANE PETERS is a Toronto-based writer, editor, and teacher.*

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