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Safeguarding and Supporting Loved Ones in Mental Decline

Proactive steps can ease the burden of a difficult process.

Declining mental capacity among aging loved ones can be an overwhelming challenge for family members, posing myriad emotional, medical, planning and caregiving issues. Those suffering from decline may be unaware of their condition and thus resistant to assistance, even as dementia makes it hard to make even routine financial and health care decisions. Where possible, we believe it is important to take proactive steps to protect them from a health care and financial perspective, whether from poor decision-making or from those who may seek to take advantage of them. Here are a few high-level ideas to consider.

Watch for Warning Signs

Cognitive decline among the elderly can reveal itself a little at a time, from interactions to personal habits. When it comes to financial matters, research has shown that decision-making can begin to deteriorate years before a formal diagnosis of dementia.¹ Everyone changes with age, of course, so watch for actions that may seem uncharacteristic or imprudent relative to the past. Early signs may include payment delinquency, declining credit scores, impulsive purchases or investments in risky ventures that in previous years would not even have been considered.

Set Up a Framework for Assistance

Signs of decline may introduce a whole set of tasks and decisions, from consulting with medical professionals to considering forms of care and assistance. Addressing mental capacity with loved ones can be an uncomfortable task, but incorporating mental and cognitive health into annual checkups can help normalize the topic and introduce opportunities for more targeted expert assessments as needed.

In terms of care and support, it can be helpful to bring the whole family into the picture; a candid discussion among family members can help clarify their availability and skillsets for this purpose. When considering the services of mental wellness professionals, we suggest working only with those who do not accept referral fees or other compensation from providers, to help ensure objectivity.

¹ Source: New York Federal Reserve, "The Financial Consequences of Undiagnosed Memory Disorders," May 2024.

Introduce Safeguards

Clearly, friends and relatives should tread carefully when stepping into the lives of those suffering from decline. That said, two early financial steps can offer benefits while potentially avoiding issues of intrusion into the autonomy of the person affected:

Establish Automated Bill Payment. Plenty of people use automated bill payment these days for purposes of convenience and security. You can help arrange for the automatic payment of most regular expenses, including utilities, mortgage and rent.

Name a Trusted Contact. To reduce the chances of fraud or unauthorized activity, the account owner may designate an individual whom financial firms may contact to address possible financial exploitation, confirm contact information, or confirm the identity of someone instructing the firm based on their status as a guardian, executor, trustee or holder of a power of attorney. The trusted contact cannot see the owner's balances, gather information about them, conduct transactions on the owner's behalf or make changes to the account.

Put the Right Documents in Place

In an ideal world, your relative will have consulted an estate planning attorney to create documents needed in the event of mental incapacity. However, if they have not, or if it has been a long time since those documents were developed, it may make sense to encourage the individual in decline to have an attorney review and update them as needed. Importantly, the individual must have the mental capacity to sign those documents, often making time of the essence to accomplish this step.

Although a full range of estate planning documents may be appropriate, here are the key ones to help your relative as they face coming challenges:

Power of Attorney. A power of attorney allows an agent to make financial and other decisions on your relative's behalf when they no longer are able to do so. A distinction is often made between a "durable" power of attorney, which goes into effect upon signing and lasts until death, and a "springing" power of attorney, which takes effect upon a finding of incapacity and lasts until the incapacity has ended. Durable powers are used more often than springing powers because the latter require proof of the principal's incapacity, which may require a court proceeding to determine.

If your relative does not have a durable power of attorney and becomes unable to manage personal or business affairs, it may become necessary for a court to appoint a guardian or conservator. Proceedings to make these appointments can be complicated, lengthy and expensive. However, having a properly drafted durable power of attorney in place naming both agents and successor agents should generally prevent the need for a court-appointed guardian or conservator.

Advance Health Directive. Deciding on treatment options in the late stages of disease can be excruciating for families. Advance health directives encompass an array of documents that allow the expression of one's wishes in such cases. The terms of a directive should be discussed with health care providers to ensure they are aware of the person's wishes, with copies provided to them, the caregivers and attorney, as appropriate, so that the documents can be accessed quickly should the need arise.

Online Resources

Alzheimer's Association
www.alz.org

National Institute on Aging:
www.nia.nih.gov

Family Caregiver Alliance:
www.caregiver.org

Helpful Books

When Your Aging Parent Needs Help: A geriatrician's step-by-step guide to memory loss, resistance, safety worries, and more, Leslie Kernisan MD, MPH and Paula Spencer Scott, Better Health While Aging, LLC, 2021.

The 36-Hour Day: A Family Guide to Caring for People Who Have Alzheimer's Disease and Other Dementias; Nancy L. Mace and Peter V. Rabins, John Hopkins Press Health, 2017.

Living Will. A living will is a type of advance health directive that provides written instructions and preferences regarding the medical treatment one wishes to receive at end of life. Sharing these wishes with the family in advance can help prevent future conflict when siblings disagree over the right course of action. (Other more specific directives may also be appropriate, such Medical Orders for Life-Sustaining Treatment or Physician Orders for Life-Sustaining Treatment.)

Health Care Power of Attorney. A Health Care Power of Attorney (or Health Care Proxy) allows an individual to name an agent to make health care decisions when they cannot communicate with medical providers. Given the wide range of medical interventions for certain conditions, it may be beneficial for your loved one and you, if appointed as agent, to ask the loved one's medical team thorough questions to ensure your understanding of various treatments and their implications.

Keep Documents in a Central Location

While well-intentioned, suggestions to commence or update an estate plan can sometimes alarm or upset older family members. Beginning the process of locating and collecting key documents in a central binder, file or location may provide a non-threatening context for estate planning. Identifying your loved one's important documents not only helps them, but also prepares the family for emergencies and disruptions, and provides invaluable peace of mind.

To support you in this essential task, our Estate Planning Organizer can help them (and you) collect, arrange and store all their vital information in one safe and accessible location. Ask your NB Private Wealth team for details.

Arranging for Home Care

Various care options are available for those in mental decline, from assisted living to nursing homes to Alzheimer's special care units (SCUs; also called memory care units). However, a common denominator for many older Americans is a desire to remain at home or with relatives for as long as feasible. In accommodating such wishes, family members may choose to serve as caregivers, but in many cases, it may make sense to find outside professionals to do much of the work or take on that role entirely.

Making choices in this area can be complex, but here are a few points worth considering:

Choosing an agency. Inquire how long the agency has been in business and whether it is licensed, accredited, bonded (e.g., to compensate for any caregiver theft) and/or insured. You may wish to ask about quality-control checks made by supervisory personnel, 24-hour support, and how emergencies or absences are handled.

Hiring an individual care provider. When speaking with potential caregivers, ask about their experience, training in dementia care, caregiving philosophy, first aid and CPR certification, background checks, references and availability, among other concerns.

Supporting caregivers. Sharing information about triggers, calming techniques and routines can facilitate the caregiving. Spending time with

them early on may help ease the transition for your loved one. Encouraging caregivers to focus on caregiving tasks (as opposed to domestic chores) and treating them with kindness can create a positive environment for everyone.

Bring the patient into the planning. To the extent possible, it is important to consult your aging relative along with other family members in developing care plans. When including a loved one with dementia in making choices about their care, consider dividing the broader conversation into multiple briefer and focused decisions that can be discussed separately, as well as offering specific options that the individual can choose from, to facilitate their decision-making.

Conclusion: Navigating Your Family's Journey

Adapting to a relative's declining mental capacity can feel overwhelming, but proactive steps can help lessen your burden and enhance the quality of life of your loved one. In our view, it can be important to allow them to retain autonomy where possible. At the same time, you may believe that new protections are in order, requiring a degree of intervention that you might otherwise want to avoid. It is a delicate balance that, with a degree of care and planning, we believe you can achieve. As always, your NB Private Wealth team is available to help you through challenging situations with personal and financial ramifications.

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