The Reality of Longevity and Alzheimer's

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ABSTRACT

The goal of longevity is to optimize quality of life (QoL) where health spans and wealth spans equal lifespans. We know one in three adults over age 85 will have some type of dementia and will live another 7 years after diagnosis. With a growing population of Alzheimer's adults—7 million today increasing to almost 13 million by 2050—helping clients navigate the financial as well as emotional tolls of this disease will become an increasingly important advisor role. Financial advisors will not only deal with the impact of dementia on a client's wealth and retirement planning (whether that client be the one with the dementia, the spouse or the adult child) but will also have to understand the legal issues associated with cognitive decline as well as a new set of communication and situational awareness skills. This article explores the key tools, knowledge, and emotional intelligence advisors will need when it comes to Alzheimer's in America.

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Every day there seems to be a news headline about Alzheimer's or dementia, whether it is a new blood test to identify biomarkers for the disease, research showing how lifestyle choices can protect brain health and reduce the risk for later age dementia, or celebrities such as Bruce Willis, Gene Hackman, Jay Leno, Brian Wilson and Billy Joel as well as former Morgan Stanley CEO John Mack being affected by Alzheimer's, mild cognitive impairment or some sort of neurological health issue.

While these celebrities are all men dealing with cognitive issues, only one (Jay Leno) is a husband caregiving for his wife with Alzheimer's, joining 12 million other Americans who are caring for someone with dementia. Caregiver is a role many more men (and adult children) will play, as we know two-thirds of the more than 7 million adults with Alzheimer's today are women.[1]

This puts financial advisors in a new role of recognizing and understanding a client's health status as much as they understand their wealth portfolio. And while HIPAA (Health Insurance Portability and Accountability Act) protects the privacy of health information, advisors will need to have a broad understanding of how a client's health impacts wealth and be able to identify warnings signs of dementia and caregiver burnout that may affect their clients physically, emotionally, and financially.

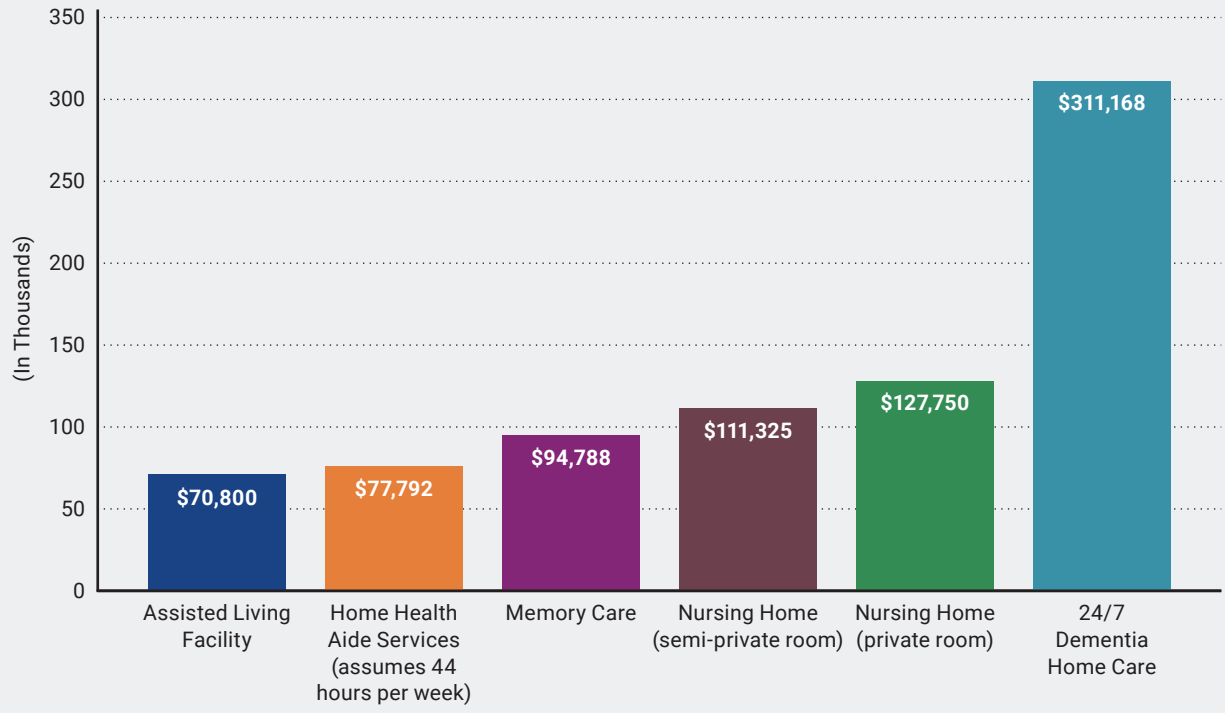
Alzheimer's in America: Groups at Most Risk

One common misperception is that society thinks of Alzheimer's as a disease associated with old age. Alzheimer's is the most common form of dementia, representing 70 percent of all dementia cases, and age is a risk factor, but research has shown healthy lifestyle choices early in life can potentially reduce dementia cases by 45 percent.[2] Also, while only 5 percent of all Alzheimer's adults have a type of Alzheimer's known as early or young onset dementia (YOD)—which means a diagnosis prior to age 65—improved diagnostics are now identifying the disease in people in their 30s, 40s and 50s. Studies also show the lifetime risk for Alzheimer's after age 45 is 1 in 5 for women and 1 in 10 for men.[3]

Further, while we know women are more at risk to develop Alzheimer's, racial and other groups have increased risks as well. African Americans are twice as likely as whites and Latinos are 1.5 times as likely as whites to develop the disease.[4] And our veteran population over age 65 also has an increased risk: 49 percent versus just 15 percent for the general population.[5]

Advisors are in an era where it is not just the client but the client's financial family ties that have to be considered; Alzheimer's requires comprehensive family financial planning. A dementia diagnosis is not just for the individual but for the whole family. Studies show because of the nature of the disease, dementia caregivers have more physical and mental health

FIGURE 1
Annual Cost of Long-Term Care Options—2024



Source: Genworth/CareScout 2024 Cost of Care Survey; Alzheimer's Association 2025 Facts & Figures Report

issues—25 percent more stress, 15 percent lower antibodies to boost immunity and 2 to 3 times the level of depression and anxiety—than other caregivers.[6] Since Alzheimer's caregivers are in their role twice as long, an average of 9 years as compared to other caregivers at 4.5 years (and for some it can be a 20+ year care journey), caregiver burnout is significant.[7]

The Costs of Alzheimer's in America: Assisted Living, Aging in Place, AgeTech Solutions, and Abuse

According to the *2025 Alzheimer's Disease Facts and Figures Report*, dementia care is one of the costliest health conditions and can have significant impact on a client's financial plan, as shown in Figure 1. While Medicare and Medicaid are expected to cover $246 billion (64 percent) of the total health care and long-term care payments for people with Alzheimer's or other dementias, individuals and families are picking up the tab for the remainder. These out-of-pocket costs can average $360,000 over a three-year period to cover care costs in a memory care community.[8]

Assisted Living

According to analysis by the National Investment Center (NIC), the national average monthly cost of memory care—which is a dedicated dementia facility known as a memory care community or certain buildings or floors in an existing assisted living community—is $7,899 a month ($94,788 annually), although costs vary widely and can be over $120,000 a year depending on the location and the type of facility.[9]

Aging in Place (Home Care)

As opposed to a memory care community, many families decide to keep a dementia-affected loved one at home through the end-stage of the disease. However, this can take a daunting physical toll and can often cause sticker shock for families. While home care and home health aides cost on a national average of $77,792 annually, that only covers approximately 6.3 hours a day.[10] For late-stage Alzheimer's adults being cared for at home, 24/7 or at least 16/7 (with family covering the remaining 8 hours per day), constant care vigilance is needed due to the issues with the disease. Many families can spend $300,000 per year or more on dementia home care because it requires specialized care skills for the disease, and thus costs more than a normal home health aide. One adult son in Southern California spent $650,000 over a two-year period having 24/7 home health care for his mother with Alzheimer's.

The question of "who pays" for assisted living, memory care, or home care is one that still confounds most Americans. Results from a 2022 survey about the affordability of long-term care revealed that 23 percent of adults believed that Medicare would cover the cost of nursing home care, and 28 percent were not sure who would pay for nursing home care. Even more alarming, 45 percent of individuals age 65 and older believed that Medicare would cover the cost of nursing home care.[11]

Advisors need to ensure that clients understand Medicare *does not* cover assisted living nor nursing home care to assist with activities of daily living, such as dressing and bathing. This cost burden is more severe on families facing Alzheimer's care. Adults with Alzheimer's will spend on average almost double the out-of-pocket costs of other older Americans with a chronic disease with a national average of 12 percent of annual income spent on dementia care versus 7 percent spent by families caring for adults without dementia.[12]

Home care for a dementia adult can be costly, but there are other considerations as well, such as home modification to create dementia-friendly design and using AgeTech or "dementia tech" products and solutions to help keep an Alzheimer's adult safe, all of which are added to out-of-pocket costs not covered by Medicare.[13]

There are some long-term-care benefits, such as the Aid and Attendance Veteran's Benefit, covered by the U.S. Department for Veteran's Affairs (VA) for the care of the veteran or their surviving spouse. In addition, the VA offers family caregivers (spouses or adult children) of veterans 30 days per year of free

respite services so caregivers can get a much-needed break and help to avoid burnout.

This is why it is critical for advisors to not only *guide and consult* but to *educate* clients. One survey revealed 57 percent of family caregivers have acknowledged they want more help with financial planning for long-term care for both themselves and older family members but have not yet spoken to an advisor. For those who did work with a financial planner, 85 percent of clients felt more educated about long-term care and 93 percent felt more confident about their financial future.[14]

Adults with Dementia Have Higher Risk for Abuse

Whether it is grandparent scams and romance scams, identity theft, home title theft, disaster relief scams or inappropriate influence from a family member, elder abuse costs victims $2.9 billion annually. What advisors may not know is that according to the National Council on Aging, 50 percent of elder abuse victims have dementia (and only 1 in 24 elder abuse cases are ever reported so this prevalence could be much higher), making them a target for bad actors and wicked family members.[15]

Advisors should also look for red flags when it comes to a client's change in financial discipline or habits. One study found adults with dementia were up to 27 percent more likely than cognitively sound adults to experience a large decline in their liquid assets, such as savings and checking accounts, stocks, and bonds.[16] Another study showed people with dementia had subprime credit scores 2.5 years before a dementia diagnosis.[17] These changes in financial activity are sometimes the first sign for families and for advisors that a person has dementia.

The Legal Imperatives of Dementia and Alzheimer's

The recent news of actor Gene Hackman's death raised questions about the legal and estate plan implications of older adults with Alzheimer's. Another celebrity story to use with clients to get them thinking of the unforeseen and undeniable legal quagmires of dementia care is the situation with the late radio DJ (*America's Top 40*) and voice actor (Shaggy in "Scooby Doo" cartoons), Casey Kasem. His adult children from his first marriage were not close to his second wife, Jean. When he was diagnosed with Lewy body dementia (LBD), his wife never informed his children and would not allow them to visit. Years of legal battles ensued as Kasem, who was cognitively unable to communicate (and may not have even been aware of the situation), was shuttled to different states to avoid the legal football between his second wife and adult children, even though his oldest daughter had been granted conservatorship of her father by the courts.

This is a cautionary tale for clients and another reminder to advisors to counsel clients on having the family conversation about their wishes with the entire family so there are no surprises. These scenarios are becoming less rare as we experience a boost in lifespan as well as more blended family situations.

A great resource for financial planners is having a reciprocal referral relationship with an elder law attorney (found at: National Academy of Elder Law Attorneys, naela.org). These legal advisors are not just estate lawyers: they are certified in senior care, senior housing, Medicare and Medicaid, Social Security, VA benefits and more. Since laws regarding senior care vary state by state, it is important to find an elder law attorney who practices in the state in which the older loved one or person with dementia resides. These elder law attorneys can be a helpful part of the team where legal and financial decisions can impact each other in unforeseen ways.

Three Steps Advisors Can Take to Improve Their Role as a Dementia Financial Expert

Financial wealth managers will continue to diagnose wealth and retirement problems every day, whether it is how to maximize investments, strategize target date funds (TDFs), etc. But, with this new era of longevity, financial advisors must now be able to

diagnose changes in a client's life and health that will impact their wealth as significantly as the stock market. And while advisors are not physicians, they are life experts helping clients map a path to achieve their dreams and avoid financial potholes along the way.

Here are the three key areas for advisors to enhance their client relationships particularly as it relates to dementia and Alzheimer's:

1. **Understand communication changes that signal dementia concerns.** There are some red flag warning signs that advisors should be knowledgeable about when it comes to Alzheimer's. These relate to both emotional support for a client but also potential advisement on financial considerations. Advisors should look for a consistent decline or repeated situations not just a one-time occurrence.
   - *Withdrawal from complex conversations*—a noticeable change where a client answers mostly with "yes" or "no" rather than engaging in a dialogue.
   - *Withdrawal from social activities*—references to no longer enjoying the social life they once had. This is a self-isolation technique of dementia adults to avoid embarrassing situations of forgetting someone's name or the ability to follow along in social conversation.
   - *Memory loss*—typically more short-term than long-term such as forgetting conversations or plans discussed in recent days, weeks, or months. Forgetting the name of their spouse or children or even your name, especially if they have been a longtime client, is a classic sign.
   - *Impulsive or concerning large purchases*—fulfilling a life's dream of owning a yacht is one thing, purchasing a yacht when you know a client gets seasick, hates boats, or has never mentioned this dream before is another. Again, one purchase might mean nothing, but a series could signal a lack of impulse control that can be part of Alzheimer's dysfunctioning cognitive behavior or a financial elder abuse concern.
2. **Become a dementia financial planning expert.** Know what Medicare (or Medicaid if eligible) covers and what it does not. Understand if your client has a long-term care insurance (LTCI) plan or if they have a LTC insurance rider known as an Alzheimer's Rider as part of their life insurance plan that may cover some long-term care costs prior to death. And do not forget to uncover a veteran's status for clients whether they are the veteran, the spouse or the adult children: VA benefits often get overlooked but can be valuable. Help direct clients to services that can help if a loved one can no longer manage daily finances including: senior bill pay services, elder financial abuse protection services, places to find AgeTech solutions, etc. Gerontologists are helpful consultants in this area wherein you can refer a client.
3. **Ask relevant questions.** This requires advisors to increase their journalism skills in asking the right questions and then engaging their listening skills. For instance, it is not enough to know whether a client is or may be a caregiver to a spouse or parent, but also what is the diagnosis or caregiving situation. Knowing that dementia care costs are higher than typical long-term care costs and home modifications are different from typical aging in place ADA models for safety. This knowledge offers the kind of insight that will help a client or family caregiver seek trusted support from their advisor. ■

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