Financial Capacity in Older Adults With MCI and Dementia

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Meeting of the Minds Dementia Conference 2012
Alzheimer’s Association/Mayo Clinic
March 17, 2012     St. Paul, Minnesota
Disclosure

• **Financial Capacity Instrument (FCI)**

• **Semi-Structured Clinical Interview for Financial Capacity (SCIFC)**

  – Owned by UAB Research Foundation
  – Inventor Dr. Marson
  – No royalty income

• No relationships with pharmaceutical companies
Outline

• Capacity Assessment in an Aging Society
• Functional Change in Alzheimer’s and MCI
• What is Financial Capacity?
• Warning Signs of Diminished Financial Capacity
• Responding to Warning Signs
• Research on Financial Capacity in MCI and AD
• Financial Capacity and the Alzheimer Brain
• Questions?
Capacity Assessment in an Aging Society
“As our society ages, clinical assessment of higher order functional capacities has become increasingly important.

In areas like financial capacity, medical decision making capacity, medication compliance, and driving, society has a strong interest in accurately discriminating intact from impaired functioning.”

Marson et al. (2000) *Archives of Neurology*, 57: 877-844
Capacity Assessment and Aging

- Unprecedented aging society
- Older population vulnerable to cognitive disorders affecting decision-making ability
- Persons with diminished capacity vulnerable to poor decision-making and exploitation
Capacity Assessment and Aging

- Individualistic society

- Intergenerational transfer of wealth--$16B - $18B

- Breakdown of traditional family structure

- Family disputes over care of elderly
  - control of health care & financial decisions
  - use of estate and inheritance
Civil Capacities/Competencies

- **Financial capacity:** manage financial affairs
- **Treatment consent capacity:** make medical decisions
- **Research consent capacity:** research participation
- **Testamentary capacity:** make a will
- **Driving capacity:** operate a motor vehicle
- **Voting capacity:** capacity to cast a ballot in election
- **Capacity to live independently:** global
<table>
<thead>
<tr>
<th>Profession</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinicians:</td>
<td>can patient consent to treatment?</td>
</tr>
<tr>
<td>Researchers:</td>
<td>can subject participate in research?</td>
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<tr>
<td>Attorneys:</td>
<td>can client enter into a contract? make a will?</td>
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<tr>
<td>Accountants:</td>
<td>can client contract for services? understand tax return?</td>
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<tr>
<td>Real estate:</td>
<td>can client enter into listing agreement? contract of sale?</td>
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<tr>
<td>Brokers:</td>
<td>can client enter into financial service contract? understand different forms of risk/return? enter into simple or complex investment vehicles?</td>
</tr>
<tr>
<td>Adult protective:</td>
<td>can client manage finances and own affairs? does client need protection?</td>
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Functional Change in Dementia
Pathological Time-line for AD

- Genetic mutation and risk factors
- Mis-folding and aggregation of Aβ & Tau followed by plaques and tangles
- Oxidative and inflammatory damage
- Cell death

Preventative

Modifying

Symptomatic

Clinical Diagnosis:
- MCI
- Probable AD
- Definite AD at autopsy

Birth 10 20 30 40 50 60 70 80 90 100 Years
Instrumental Activities of Daily Living

- Instrumental activities of daily living are more complex activities that are not essential to self-care, but that enable the individual to live independently within a community

  - Light housework
  - Preparing meals and cleanup
  - Shopping for groceries or clothes
  - Using the telephone
  - Using transportation (community mobility)
  - Taking medications
  - Health management and maintenance
  - Managing money
Activities of Daily Living

- Activities of daily living (ADLs) are "the things we normally do in daily living including any daily activity we perform for self-care (such as feeding ourselves, bathing, dressing, grooming), work, homemaking, and leisure."
  ~MedicineNet.com Medical Dictionary

- Bathing
- Grooming
- Dressing and undressing
- Eating
- Transferring from bed to chair, and back
- Voluntarily control of urinary and fecal discharge
- Using the toilet
- Walking (not bedridden)
IADLs As Early Functional Markers in Dementia Research

• IADLs are cognitively complex activities vulnerable to cognitive aging, MCI, and dementia

• IADLs like financial capacity show significant impairment in MCI and the very earliest stages of AD

• Are diagnostically important markers for research on progression in MCI and conversion to dementia
Functional Change in Dementia

Mrs. Ethel C 69 year old white female

MMSE = 22/30    DRS = 120/144    Diagnosis = mild AD

– **Premorbid**: “Ethel handled the family bank account for most of our married life with little help from me--and balanced the checkbook.”

– **Current**: “Approximately 2 years back she could no longer handle the family bank account--this happened very quickly--she failed to make deposits and enter the checks she had written—she now has no worry about finances.”
Functional Change in MCI
Functional Change and MCI

• Functional change an integral aspect to understanding MCI and progression to dementia

• Original Mayo (Petersen) criteria:
  – (1) subjective/family complaints of memory loss;
  – (2) objective impairment on formal memory testing;
  – (3) normal overall cognition;
  – (4) generally preserved activities of daily living; and
  – (5) no dementia by NINCDS-ADRDA or DSM-IV criteria.
Functional Impairment in MCI

Focal memory loss
No other cognitive deficits
No functional deficits

Severe memory loss
Multiple cog deficits
Functional impairment

MCI Entry

MCI Conversion to Mild AD

65 -> 70

<---- Functional Change? ---->
Evidence of Functional Impairment in MCI

• Touchon/Ritchie (1999):
  – Telephone use, dental hygiene, dressing 2 years prior to AD dx
  – Small lapses, carelessness, slowing

• Daly/Albert (2000):
  – Changes in financial skills, driving, hobbies, personal care associated with MCI and conversion to AD

• Tabert (2002):
  – Discrepancy between MCI patient and informant ADL report predictive of conversion in 2 year period; role of anosognosia

• Griffith (2003):
  – MCI patients show mild but distinct impairments in financial skills
Financial Capacity
“everyday use of money will be highly correlated with general success in independent living”

Melton et al. (1987) *Psychological Evaluations for the Courts*, p. 249
Health

Memory loss, money loss

Early-Alzheimer's patients flunk financial test

By Kathleen Fackelmann
USA TODAY

People who are in the early stages of Alzheimer's disease show rapid declines in their ability to manage their financial affairs, a study reports this month.

An estimated 5 million people in the USA have Alzheimer's, a degenerative brain disease that ultimately causes severe confusion and memory loss. In the early stages of the disease, they symptoms are mild. Yet the new study suggests that even at this stage, patients may have trouble with basic money matters, such as paying bills or counting change.

The findings suggest that patients, even those who have mild symptoms such as some foggy thinking, should act right away to get their finances in order.

"The longer you wait, the more impaired you become," says Stephen McConnell, senior vice president of the Alzheimer's Association. The study is one of the first to document the steep decline in patients' ability to handle money matters, he says.

Daniel Marson, director of the University of Alabama-Birmingham's Alzheimer's Disease Center, and his team recruited 55 seniors with early-stage Alzheimer's often have trouble with money matters. Here are some warning signs:

Warning signs in money matters

- **Memory lapses**
  Forgetting to pay bills or paying more than once.

- **Disorganized**
  Problems keeping track of finances or bills.

- **Math mistakes**
  Math and counting errors in everyday life.

- **Confusion**
  Difficulty understanding basic financial terms.

- **Impaired judgment**
  New interest in get-rich-quick schemes.

Source: Daniel Marson, University of Alabama-Birmingham
An Important Construct

• economic:
  – maintaining household and financial independence

• psychological
  – critical to self-perception of independence

• clinical:
  – marker of MCI and early dementia?

• legal:
  – financial competency and conservatorship
  – elder abuse/undue influence
Defining Financial Capacity: Two Key Perspectives

- **Performance Perspective:**
  - FC as the ability to carry out financial activities
  - Handle money, understand concepts, pay bills, etc.
  - Emphasizes role of **performance**.

- **Best Interest Perspective:**
  - FC as ability to identify and protect financial self-interest
  - Emphasizes role of **judgment**.
“the capacity to manage money and financial assets in ways that meet a person’s needs and which are consistent with his/her values and self-interest”
Conceptual Model of Financial Capacity
Conceptual Model of FC

Clinically informed

Focus on functional abilities relevant to FC

Three levels:

• **Tasks**—specific financial abilities

• **Domains**—broad financial activities that each have clinical relevance to independence (e.g., managing checkbook)

• **Global**—overall financial capacity
Financial Tasks

- Naming coins/currency
- Coin/currency relationships
- Count coins/currency
- Understanding concepts
- Applying concepts
- Conduct cash transactions
- Making change for vending
- Tipping in a restaurant
- Understanding checkbook
- Using checkbook/register
- Understanding bank statement
- Using a bank statement
- Awareness of mail fraud
- Awareness of telephone fraud
- Prioritizing bills
- Preparing bills for mailing
- Making investment decision