Cognitive Impairment and Money Management

Managing money is a necessary skill for people to remain living on their own or independently. When individuals have cognitive impairment (difficulty thinking and processing information) from medical problems or mental illness, or as a consequence of dementia or Alzheimer disease, money management and other activities of daily living may become confusing or difficult. Cognitive impairment may appear slowly over time, but one of the first signs of dementia may be inability to manage finances. Problems with daily life may be hard to spot, even for regular caregivers of the person with cognitive impairment. Sometimes a major event, such as repossession of a car or foreclosure of a mortgage, happens before problems with money management are discovered.

Financial capacity is the ability to manage financial affairs on one’s own, consistent with a person’s own best interest. When financial capacity is diminished (less than what is usual), a trusted family member, friend, or representative can assist in financial decision making. It is important for people to consider their choice of agent (the person who is appointed to assist or take over financial decision making) very carefully to avoid misuse, deception, fraud, or theft. Major decisions, like selecting an agent, are best made in advance, while a person is of sound mind. The February 16, 2011, issue of JAMA includes an article about financial capacity in older adults with cognitive impairment.

**FOR MORE INFORMATION**
- Alzheimer’s Association
  [www.alz.org](http://www.alz.org)
- Eldercare Locator
  Department of Health and Human Services, Administration on Aging
  [www.eldercare.gov](http://www.eldercare.gov)
- National Council on Aging
  [www.benefitscheckup.org](http://www.benefitscheckup.org)
- American Bar Association
  Commission on Law and Aging
  [www.americanbar.org/groups/law_aging.html](http://www.americanbar.org/groups/law_aging.html)

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To find this and previous JAMA Patient Pages, go to the Patient Page Index on JAMA’s Web site at [www.jama.com](http://www.jama.com). Many are available in English and Spanish.

**HELPING TO MANAGE MONEY**
Advance financial planning is the best way to prevent problems when cognitive impairment occurs. Putting an adult next of kin or trusted friend or family member as a signer on checking and savings accounts makes transitions easier when cognitive impairment or dementia develops. Creating a durable power of attorney for financial matters, a document that spells out who will be responsible for financial decision making, is a way for individuals to direct how their affairs will be handled if they become cognitively impaired. This is different from a health care power of attorney, which is specific to health care decisions only. Sometimes the court system needs to be involved, with a conservatorship (appointing a guardian for financial and business matters) created for the impaired individual.

**RESOURCES FOR FAMILIES OF INDIVIDUALS WITH COGNITIVE IMPAIRMENT**
- Adult protective services should be notified in suspected cases of elder financial abuse.
- Mental health professionals may be involved to evaluate the person with cognitive impairment. They can suggest treatment options, including recommendations for improving skills of daily living.
- Attorneys can create durable powers of attorney for financial matters and for health care, wills, and trusts. These forms can sometimes be found on the Internet.
- Social workers help patients and families find community and government resources best suited for their specific situation.

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