Importance of Asking Older Adults Whether They Are Having Difficulty Managing Finances

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Li and colleagues\(^1\) reiterate 2 well-established facts about the problem of cognitive impairment in the US: it is common, and it causes notable harms to the well-being and self-determination of older adults in the US and the friends and families who care for them. The novelty of the study is how the authors examined one of the most serious harms for older adults with cognitive impairment: difficulty managing finances. Not only clinicians but the institutions that hold and manage those adults' financial assets should heed the results by beginning with asking the simple question, "Are you having any difficulty managing your finances?"

There are many older adults in the US with cognitive impairment. Li and colleagues\(^1\) estimated that among the 50 million persons in the US aged 65 years or older, approximately 20% have cognitive impairment. These data are from the National Institutes of Health–funded Health and Retirement Study (HRS), a longitudinal survey of a representative sample of US adults aged 50 years or older that provides data on health, financial assets, and disability.

In the study by Li et al,\(^1\) most of these persons with cognitive impairment were in a liminal stage; that is, a stage between cognitively unimpaired and living with dementia. The HRS labels these 7 million persons as having cognitively impaired nondementia (a more common but not entirely equivalent name is mild cognitive impairment).

Persons with cognitive impairment experience problems performing instrumental activities of daily living. These activities allow individuals to self-determine their life and live as they desire. They include seemingly ordinary but deeply personal activities, such as ordering from a menu and traveling to a store to buy clothes that fit a budget. Overarching most of these activities is perhaps the most important of all activities of daily living: financial management.

Financial management is cognitively demanding. It is no surprise, therefore, that persons with dementia show notable impairments in measures of financial capacity—the ability to independently manage one's financial affairs.\(^2\) Persons with mild cognitive impairment also have impairments in this capacity.\(^3\)

Much of the understanding of the disabilities experienced by persons with cognitive impairment relies on proxy reports. A clinician asks someone else, such as spouse or adult child, to report on the patient's performance. The HRS data set used by Li and colleagues\(^1\) was based on this method. Proxy reports of functional status were used, together with cognitive test scores, to categorize participants into 1 of the 3 groups (no cognitive impairment, cognitively impaired nondementia, and dementia). What is novel about the study by Li and colleagues\(^1\) is that it also included the perspectives of the persons living with cognitive impairment.

Li and colleagues\(^2\) used participants' answers to detailed questions about their household finances to classify them as managing or not managing their own finances. Approximately three-fourths of persons in each of the 3 groups were classified as managing their own finances. Notable proportions of both the group with cognitively impaired nondementia and the group with dementia (15.3% and 56.6%, respectively) responded affirmatively to a question about experiencing difficulty doing this. In contrast, only 3.8% of persons with normal cognition reported difficulty.

Across all 3 groups, many (43.1%) of the individuals reporting difficulty managing their finances were living alone. Sizable amounts of these individuals' assets may be at risk for mismanagement. Among persons with cognitively impaired nondementia and dementia who were managing their

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finances, approximately one-third possessed assets that Li and colleagues\(^1\) labeled as risky, such as stocks, self-funded retirement accounts, and assets that can carry a loan. Such assets are susceptible to disappearing as a result of scams or bad decisions or could cause someone to go into debt.

There are limitations to these data and to their translation into policy and practice. The study reports a broad view of financial management. It is quite possible someone may be stopping in or monitoring these persons from afar, as some do for family members with cognitive impairment who live alone. Living alone and experiencing difficulty managing one's money, however, may lead to costly errors such as encountering a phone scam without someone nearby to say, “Hang up!” For example, an older adult I know who lives alone gave out their social security number to a person involved in a phone scam.

In addition, just because someone can answer detailed questions about their finances does not equate to their having sufficient capacity to manage them. The former requires semantic memory (eg, “I have a 401[k] plan”), whereas the ability to manage those financial assets requires working memory and executive function (eg, “I can log into that account and figure out the statements”). Further research ought to investigate the specific tasks persons are doing and which ones they find difficult (the HRS does ask if someone helps a person manage finances).

With those limitations noted, families and clinicians need to ask the same question the HRS researchers asked: “Are you experiencing any difficulty managing your finances?” A person who expresses difficulty may well need an assessment for cognitive impairment. Regardless of the outcome of the assessment, the person ought to be offered help to address their difficulty. Help need not be removing financial autonomy. An essential resource to relieve difficulty and reduce risks of fraud and bad decisions is a trusted system of monitoring and support to make decisions.

This system must be more than clinical. A clinician rarely has the opportunity to directly observe a person’s performance in daily financial tasks. Smart, nonintrusive technologies, such as view-only bank and credit accounts, could make this possible; however, integrating these data into clinical practice remains a substantial challenge for both data experts and privacy lawyers.

It is time for bankers and lenders to assist older persons in the US. These individuals are their customers (most private wealth in the US is owned by older adults\(^4\)), and there are many of them. Li et al\(^1\) found that 2.8 million older US adults reported difficulty managing their finances. Missed payments on credit accounts and subprime credit scores have been shown to precede by years incident diagnoses of Alzheimer disease and related diseases.\(^5\) Financial institutions ought to be asking their customers whether they are experiencing difficulty managing their finances, and if they are, these institutions should offer a suite of services and supports to help them, including perhaps a referral to a physician.

For persons living with cognitive impairment, financial well-being really matters. These individuals may require years of long-term care services and supports. The costs can be substantial. A study by Coe et al\(^6\) found that a daughter aged 40 to 70 years who provided care to an elderly mother for 2 years incurred median costs that ranged from $144 302 to $201 896. In 2011 dollars, this totaled to $277 billion nationwide.\(^6\)

Unfortunately, for adult children providing care for elderly parents, the only safety net support offered in the US is through the Medicaid program. Most US adults just pay out of pocket. The findings of Li et al\(^1\) suggest that millions of older adults in the US and their caregivers may need a system to help them manage their finances. It starts with asking 1 simple question.

ARTICLE INFORMATION
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