

Planning for cognitive decline – We can't predict but we can better prepare



INCAPACITY CAN STRIKE ANYONE AT ANYTIME.

A serious illness, or accident can happen at any age, and as Clients get older, the likelihood of cognitive impairment and dementia increases. Nearly half of those over the age of 85 already have some form of dementia.¹ Incapacity greatly affects a person's ability to make sound decisions, and as cognition slips, financial skills are often the first to go.

Planning ahead with Clients and their families, can ensure that your Client's wishes are carried out. It also helps to protect your Clients, yourself and your business from the risks of incapacity.



WHAT HAPPENS WHEN

THERE'S NO INCAPACITY PLAN IN PLACE?

- Clients lose the opportunity to appoint someone of their choice
- A judge can appoint a guardian to take control of the client's assets and make all personal and medical decisions on their behalf
- The client and their loved ones often lose valuable time, money and control



WHAT HAPPENS WHEN

A CLIENT IS FOUND INCAPABLE?

They may not be able to²:

- Prepare a power of attorney
- Make a new will, add a codicil to an existing will or revoke an existing will
- Put a bank account into joint names with children
- Change the beneficiary of their RRSP/RRIF or an insurance policy that they own
- Carry out estate planning, such as reducing probate costs
- Give investment instructions to their financial advisor



HOW CAN YOU PREPARE

CLIENTS AND YOUR BUSINESS FOR INCAPACITY?

Ensure Client's affairs are in order, and the proper documentation is in place while they are still fully mentally capable. All Clients should have a:

- Power of attorney for property (continuing or enduring)
- Power of attorney for personal care
- Trusted contact person
- Last will and testament
- Living will/medical directives
- Trust documents



HOW TO TALK TO

CLIENTS ABOUT INCAPACITY

These conversations are not easy to have, but they are imperative when it comes to protecting your Clients and their future.

When approaching a Client on this topic be sure to:

- Position the conversation as part of your formal planning process conducted with all Clients
- Explain the purpose is to ensure everyone is prepared for whatever events occur in the future
- Share stories and examples
- Acknowledge that this is NOT about now; it's preventative planning.

Each situation will be unique, but the goal is universal: empowering advisors, Clients and family members to minimize the financial risks related to cognitive decline by planning ahead.

We can't predict, but we can better prepare.



¹ BMO Wealth Institute "Financial decision-making: Who will manage your money when you can't"

² Estate planning resources for consumers and professionals, "What happens if you become incapacitated?"