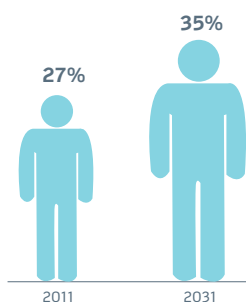


Meeting the Needs of Investors with Cognitive Decline

Canadians aged 55 and older constitute one of the fastest growing populations in the country, projected to rise from 27 per cent the adult population in 2011 to 35 per cent in 2031 (Statistics Canada 2010a). This poses a special challenge for financial advisors and planners who will increasingly encounter cognitive decline among their clients – ranging from the effects of normal aging to some type of dementia, such as Alzheimer’s disease.

Diminished cognitive capacity puts clients at risk on two fronts: poor personal decision-making and increased vulnerability to third-party financial exploitation. The key to helping these clients is to have good awareness of their abilities from an early stage in your relationship with them, and to include discussions about the potential for cognitive decline in your regular conversations.



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Preparing the ground

We all know these conversations can be difficult, but you should talk to your clients early and often about their wishes in the event that they start to show signs of cognitive decline or financial abuse – and document the discussions.

- ✓ Share the documentation with your clients to ensure that they understand and agree with it.
- ✓ Make a habit of observing and regularly noting your client’s ability to understand financial information, their decision-making style, and their overall investing personality.
- ✓ Understand the relationships your clients have with other professionals, such as a lawyer or accountant, as well as family members. Who are the people your client seeks advice from?
- ✓ Encourage your client to appoint a power of attorney (preferably notarized) and ensure that it is kept up-to-date.
- ✓ Alternatively, have your client appoint a trusted contact with no power over the account – someone you are authorized to speak with should you become concerned about your client’s welfare. Document it and confirm it regularly with your client.
- ✓ If your client has appointed a power of attorney or trusted contact, ask your client to introduce them to you.
- ✓ Ensure you fully understand and are up-to-date on your dealer’s procedures for handling these types of client issues. Know who to call and what resources are available to you and your client.

Signs to watch for

Cognitive decline often is gradual and inconsistent, with a client behaving normally some days and erratically on others.

Here are some signs to watch for:

- Persistent or episodic significant memory loss, such as forgetting instructions they have given or repeating orders and questions.
- Taking longer to complete financial tasks, such as completing forms or reviewing *Fund Facts*.
- Decreased understanding of previously understood concepts.
- Increasing difficulty making investment decisions.
- Changes in ability to do everyday math.
- Confusion about time and place – missing appointments.
- Broad mood or behavioural swings – increased passivity, anxiety or aggression.
- Changes in personal appearance, lack of grooming.

What to do

Early intervention will help safeguard your client's assets and ensure that you and your firm meet your regulatory and legal obligations.

- Remember and respect who your client is: the account holder is still the ultimate authority. If you develop concerns, try first to discuss them with your client.
- If you have concerns, ask another staff member sit in on the discussion to take notes so that you can be fully present in the conversation while maintaining good documentation.
- Document your observations, notify your supervisor and follow your firm's internal procedures.
- Regulatory and privacy rules can be complex. If you are uncertain, discuss any question with your supervisor or other expert before contacting a power of attorney or trusted contact or taking any other action.

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