

How Financial Behavior May Be an Early Indicator of Alzheimer's

Changes in financial behavior—like missed bills, impulsive spending, or difficulty managing money—can be early signs of cognitive decline. Learn what to look for, why early action matters, and how to protect financial wellbeing before problems escalate.

The Financial Cost of Alzheimer's

As people live longer and face more chronic health issues, the pressure on retirement savings and personal assets continues to grow (Population Reference Bureau). Nearly half of older Americans have no retirement savings, and by the time they pass away, many will depend primarily on Social Security (Ghilarducci). These challenges are even more pronounced for communities of color, with Black workers aged 51 - 64 being the least likely to have a retirement savings account (Government Accountability Office).

While Alzheimer's disease is not a normal part of aging, someone's risk of developing Alzheimer's increases with age. As memory loss sets in, the risk of financial missteps increases. This not only puts personal assets at risk but also affects decision-making capacity. Additionally, Alzheimer's care can be especially costly, as individuals may require extensive support for many years. Taking proactive steps to protect assets and secure financial stability can make a significant difference for both individuals and their caregivers as cognitive health changes. From missed bills to unusual purchases, subtle money mistakes may be one of the earliest warning signs of Alzheimer's or dementia.

Financial decision-making abilities can begin to decline years before a formal diagnosis of Alzheimer's or other dementias. A 2023 study found that in the eight years before a dementia diagnosis, U.S. household net worth drops to less than half that of households without dementia—\$104,000 compared to \$217,000—highlighting the broader financial toll on entire households (JAMA Neurology).

A landmark study found that credit scores often drop and missed payments become more common, particularly for mortgages and credit cards (Federal Reserve Bank of New York). Small declines in attention, planning, and judgment can lead to major financial consequences. Individuals who eventually develop Alzheimer's often begin missing bill payments or making uncharacteristic financial choices well before they or their loved ones recognize a memory issue (National Institute on Aging).

How can you tell if it's time to take a closer look? Here are some warning signs to watch for:

- Trouble calculating a tip
- Confusion with bank statements
- Unopened or unpaid bills
- Missed payments
- Lots of new purchases on a bill
- Unusual or impulsive purchases
- Money missing from the person's bank account (AARP)

Please be mindful that not everyone in the early stages of cognitive decline mismanages their finances, and not all financial missteps indicate a coming diagnosis. Some financial challenges can be due to the normal progression of age. While these issues can happen to anyone, repeated patterns and lack of awareness of financial consequences can signal early decline.

Understanding the Connection: How the Brain Affects Financial Decisions

Financial management relies on higher-level thinking skills like organization, impulse control, and planning — all areas that can be subtly impacted by cognitive decline. In addition to memory deficits, people also experience changes in decision making. (JAMA Internal medicine)

Brain changes associated with Alzheimer's, such as shrinking of certain parts of the brain like the hippocampus, can lead to memory loss and forgetting to pay bills (NPR). Even before memory problems show up, it can get harder to plan, make choices, and judge risks — which can lead to money mistakes. Recognizing these early signs can prompt timely interventions, potentially safeguarding assets and minimizing financial fallout.

Protecting Against Financial Fraud

Financial fraud is a significant threat for older adults, with annual losses for victims over the age of 60 reaching \$28.3 billion annually (AARP). Individuals with cognitive decline, including those with Alzheimer's, may be more vulnerable to:

- Phishing emails or fake calls
- Unfamiliar purchases
- Signing documents they don't understand
- "Too good to be true" offers

Preventive tools like fraud alerts and account monitoring are critical for early protection (AARP).

The Impact on Caregivers

The financial toll of Alzheimer's extends beyond the individual diagnosed. Caregivers, disproportionately women, often juggle their own finances while managing the financial and daily living needs of a loved one. Many lose income or reduce work hours while managing both their finances and those of their loved ones. Planning ahead can help mitigate these risks and reduce financial stress.

Protecting Your Finances: Steps You Can Take

- **Start Early:** Develop a financial plan before cognitive decline becomes a concern. If assisting a loved one, familiarize yourself with where accounts are held, what bills they pay, and their income sources.
- **Be Patient but Persistent:** Those with Alzheimer's may be reluctant to discuss finances or unaware of their challenges. Identify specific financial tasks where they struggle and offer targeted support while allowing them to maintain control over simpler tasks.
- **Simplify and Organize:** Consolidate accounts to reduce the number of bills and statements. Anticipate potential costs, including healthcare expenses, and plan accordingly.
- **Automate Payments:** Set up automatic bill payments and monitor accounts for unusual activity to prevent missed payments or unauthorized transactions.
- **Guard Against Fraud:** Register on the Do Not Call list (donotcall.gov) and sign up for fraud alerts with financial institutions to monitor for suspicious activity.
- **Seek Professional Support:** Consult an eldercare or estate planning attorney to establish legal protections, such as a durable financial power of attorney, to ensure a trusted individual can step in when needed (AARP).

What Experts Are Learning

Financial missteps are emerging as critical early warning signs of Alzheimer's and other dementias. Yet, regulatory and financial systems are still catching up. Consumer advocacy groups and financial institutions are working to close the gap by educating consumers and industry professionals about financial exploitation and dementia-friendly practices. Initiatives like AARP's Banksafe Hub are guiding financial institutions to help protect older adults with cognitive decline. Meanwhile, the American Bankers Association is raising awareness about elder financial exploitation and Alzheimer's. And while AI tools are becoming more advanced, we may soon have better systems to flag unusual financial behavior before major damage occurs.

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