



# Navigating the Financial Challenges of Dementia

*Strategies to help plan for rising costs and alleviate the financial strain*

Dementia is a complex and devastating condition that not only affects the emotional and mental well-being of individuals but also places an immense financial burden on families. A recent study from the University of Michigan, published in JAMA Internal Medicine, sheds light on the staggering financial challenges faced by families dealing with dementia. The study reveals that among those diagnosed with dementia, out-of-pocket healthcare costs more than doubled within the first eight years, leading to a significant reduction in their net worth. Furthermore, the study highlighted the higher time requirement from caregivers, as dementia patients required triple the amount of caregiving hours within two years of symptom onset. Additionally, the need for nursing home care increased fivefold for those with dementia within the same timeframe.

In light of these findings, it is crucial for families to approach financial planning with a focus on the emotional and mental impact of dementia. Here are some key considerations and strategies to help plan for rising costs and alleviate the financial strain:

## 1. Early Financial Planning:

- **Establish a Comprehensive Budget:** Create a detailed budget that includes current and potential future medical expenses, caregiving costs, and potential costs associated with long-term care facilities.

- **Insurance Coverage:** Review existing health insurance policies and consider long-term care insurance. Understanding the coverage options available can help mitigate some of the out-of-pocket expenses.

## 2. Building a Financial Safety Net:

- **Emergency Fund:** Establish or bolster an emergency fund specifically earmarked for healthcare-related expenses. Having a financial cushion can alleviate immediate financial stress during medical emergencies.
- **Investment and Savings:** Diversify investments and focus on building a robust retirement fund. A well-structured investment portfolio can act as a financial buffer, providing necessary funds for medical care and additional caregiving support.

## 3. Legal and Estate Planning:

- **Power of Attorney and Advance Directives:** Set up legal documents, such as durable power of attorney and advance healthcare directives, to ensure that important financial and medical decisions can be made by trusted individuals when necessary.
- **Estate Planning:** Establish a will or living trust to outline how assets should be managed and distributed in the event of incapacitation.

Proper estate planning can protect the financial interests of both the individual with dementia and their family.

#### 4. Seek Professional Financial Advice:

- **Financial Advisors:** Consult with a certified financial planner experienced in eldercare planning. They can provide tailored advice, helping families navigate the complexities of funding long-term care and managing the associated costs.
- **Legal Counsel:** Work with an experienced elder law attorney to understand legal protections, benefits, and entitlements available to individuals with dementia and their families.

#### 5. Community and Support Networks:

- **Support Groups:** Join dementia-specific support groups to connect with others who are experiencing similar challenges. These groups often provide valuable insights into managing costs and finding community resources.
- **Community Resources:** Research local community organizations, nonprofits, and government programs that offer financial assistance, respite care, and other support services for dementia patients and their caregivers.

#### Planning Matters

Acknowledging the emotional and mental impact of dementia within the framework of financial planning is essential. By proactively addressing rising costs, seeking professional advice, and tapping into available community resources, families can better navigate the financial challenges associated with dementia.

By preparing for these challenges in advance, families can focus on providing the best possible care and support for their loved ones without the additional burden of overwhelming financial strain.