



# Don't Let Alzheimer's and Dementia Ruin Your Retirement

By [Steve Vernon](#) | Nov 3, 2010



A [popular column this week in \*The New York Times\*](#) shares some very disturbing stories about spouses and families of people with Alzheimer's or dementia who were devastated to learn that bills hadn't been paid, inappropriate contracts were signed, and money had simply disappeared. As I've previously noted, there are [lifestyle changes you can make](#) that significantly reduce your odds of contracting Alzheimer's or dementia. But what if you make these lifestyle changes and still contract one of these dreaded conditions?

The situation is certainly possible, so it's only prudent and responsible that you take steps now to mitigate the financial and emotional impact such an unfortunate event can have on you and your family. That's why I believe [everybody should have a strategy in place](#) that addresses the possibility that you'll need expensive long-term care in your later years; that strategy may or may not include buying [long-term care insurance](#).

But these are not the only steps you should take. If you contract Alzheimer's or dementia, you run the risk of mismanaging your finances, leaving you vulnerable to con artists or criminals, or, at the very least, more capable of just plain making expensive mistakes, as detailed in the *New York Times* article. The result can be drained savings at the very time you need these resources to pay for long-term care.

So just what steps should you take to prevent this from happening? Genworth Financial offers some answers in its recently released report titled [Our Family, Our Future: The Heart of Long Term Care Planning](#). The key takeaway is to put plans in place before they're needed. While you're still healthy and sharp, have frank discussions with your spouse and family about how you want to live if you're no longer able to manage on your own. These discussions should include:

- The long-term care options that you prefer
- Roles and responsibilities of different family members for managing care, and for how to handle day-to-day financial responsibilities

- How long-term care needs would be paid for

These conversations may be difficult or uncomfortable, but this discomfort will be mild compared to the financial and emotional devastation that can happen later if you haven't planned for the possibility that you may not be able to manage on your own. I encourage you to find the motivation necessary to start these important conversations with the people who care about you.

Another step you can take is to have a conversation with a financial professional. Seventy-eight percent of men and women in the Genworth survey stated that they'd like to have such a conversation, but only sixteen percent have actually had such a discussion. I would strongly suggest you find a professional who is trained to discuss long-term care needs and who [doesn't have a financial stake](#) in your decisions regarding how to pay for long-term care expenses.

Here's one more step to plan for while you're still healthy and sharp: As much as possible, put your finances on autopilot. This would include arranging for your income items, including Social Security, pensions, and withdrawals from your retirement savings, to be deposited automatically into your checking accounts. You might also consider [buying an immediate annuity](#) with a portion of your retirement savings; I've previously written about the financial advantages of such annuities, but another advantage is that they can put your income on autopilot so it can't be taken away by con artists. My father had dementia in his later years, and our family was very grateful that his Social Security and annuity were automatically deposited in the checking account each month — very user friendly!

Similarly, you should put as many bills as possible on automatic payment from your checking account. If you're taking care of an elderly parent, these are steps you can take now for them — and consider it a dry run for a few decades down the road when you might need to do this for yourself.

I found one other result from the Genworth survey quite revealing: 63 percent of survey respondents reported a fear of being a burden on their family, while only 11 percent reported a fear of death. And 61 percent believe that Alzheimer's is the most scary, disabling disease in later life. While the survey questioned 2,151 respondents, I'd bet this feeling is fairly widespread in the United States.

My advice regarding your health is in harmony with my overall philosophy regarding retirement planning in general: Take action to increase the likelihood of the best outcomes, but have defenses in place in case the worst happens. Taking steps now to prevent, delay, or mitigate the consequences of developing a debilitating mental disability in the years to come seems well worth your time and attention today.

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