



Dementia can affect each person, and their family, in a different way. If you, or a loved one, has recently been diagnosed with dementia, we recommend discussing finances and future care wishes as soon as possible.

Below are recommendations to help ensure your finances and estate documents are in order:

- Complete or update estate planning documents: Will, trust, health care directives, and Durable Power of Attorney - A person with dementia can still make changes, provided they can show “legal capacity” or understanding of the changes and its effects
- Gather financial and legal documents in a centralized location
- Consider streamlining payments and putting bills on autopay
- Estimate and prepare for future care costs
- Provide a Trusted Contact to financial advisors and health care providers

Various insurance options and benefits may be available to help cover the cost of care:

Medicare

- A person with dementia who is younger than 65 and has been on Social Security disability for at least 24 months
- Some home health care, including skilled nursing care and rehabilitation therapy, under certain conditions
- Up to 100 days of skilled nursing home care under limited circumstances

Medicare does not cover long-term care.

Long-Term Care

Long-term care insurance generally needs to be in place before a dementia diagnosis. Once an individual is diagnosed, review the current long-term care policy carefully for the following information:

- When can benefits begin to be collected?
- What is the daily benefit? Is it adjusted annually for inflation?
- How long will benefits be paid? Is there a maximum lifetime payout?
- What kind of care will the policy cover?

Tax Considerations

If you are the caregiver of a person with dementia, be sure to inform your tax advisor as you may be eligible for certain tax benefits.

- The IRS offers some financial benefits to caregivers, including:
 - Income tax deductions
 - Income tax credits
- The person with dementia is likely considered a caregiver’s dependent for tax purposes. If so, you may be allowed to itemize his or her medical costs.
- You may be entitled to the Household and Dependent Care Credit if you need to pay someone to care for the person with dementia so you can work.

Capital Advisors and your custodian have policies and procedures in place to help protect individuals with dementia. Please keep us informed of any diagnoses to help protect your managed accounts.

Sources:

- 1) Legal and Financial Planning for People with Dementia <https://www.nia.nih.gov/health/legal-and-financial-planning-people-alzheimers>
- 2) Money Matters: Making Financial Plans After a Diagnosis of Dementia https://www.alz.org/national/documents/brochure_moneymatters.pdf

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