Helping Clients Plan for Later Life Care

By Anna Nichols

The number of people living to old age is greater today than at any time in history, and this trend is expected to continue (see figure 1). But increasing lifespan is a mixed blessing. On the one hand, who doesn’t want to live a long life? On the other hand, longevity increases the risk for many physical and mental health challenges. As a result, many of us will spend years caring for aging loved ones, and in turn we are more likely to be on the receiving end of that care within our own families.

As advisors to multi-generational families, what can we do to help clients navigate these issues? How should we respond when we begin to notice an older client repeating questions frequently or seeming confused about decisions just made and discussed at length? It’s a tough role. Most advisors work at the direction of a primary client and assume that every client is competent to make personal and financial decisions. Reaching out to a client’s adult children or spouse to question the client’s decisions can be uncomfortable or even a risk of confidentiality. There also are obvious concerns about thorny family dynamics or angering a client. For multiple reasons doing nothing can seem like the safest route.

Fortunately, more advisors are examining this issue and trying to determine the best way to serve clients. The cost of dodging an uncomfortable conversation could be an avoidable and potentially expensive mistake.

As advisors to families, we must be made of tougher stuff and provide clients with our very best at the time they need it most. Doing so requires changing habits, new processes in our client servicing, learning new skills, and taking some risks that likely will not thrill in-house counsel. In the long run, however, helping clients with these issues provides a new and meaningful way to interact with them and their extended families. The risks from helping clients navigate the challenges of age are no greater than the risks of ignoring this opportunity.

Where does our role begin and end? To start, we need to be well-educated about decisions long before they are ever needed. Whether your primary client is the cared for or the caregiver, advisors have many ways to encourage clients to take steps that ultimately will mitigate a lot of the pain and uncertainty of a crisis.

Encourage Proactive Planning

It’s easy to put off planning for later stages of life. Even though statistics tell us that past age 80 we are likely to experience some level of mental decline (see figure 2), planning for that possibility is unpleasant. None of us like to think of our roles changing in our families, whether it’s giving up decision-making as a parent or taking it over as an adult child. We prefer to postpone dealing with such uncomfortable topics, even when we begin to notice subtle changes in ourselves or our parents. The result is that a crisis strikes, little or no planning has been done, and family members go into reactive mode, guessing at the best way to handle it. What would Mom or Dad want? What even are our options? How can I make these decisions with my siblings? How do I put my life on hold to manage this situation?

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Document Wishes and Directives Early and Often

One of the easiest things advisors can encourage clients to do, at any age, is to document their wishes and advance directives long before they are ever needed. For new clients, this can be built into the new-client process, and it will help you get to know a client family better. For long-
standing clients, this discussion and exercise provides an excellent opportunity to connect in a new way.

Some firms provide a form for this initiative that asks clients questions such as the following:

**Do you have a living will?** Have you shared this advance directive with your spouse and adult children? Have you shared it with your physician? Where is it kept and when was it last reviewed and updated?

**Have you assigned power of attorney for health and for finance?** Have you discussed the responsibilities of these roles with those who you assigned? Are your spouse and adult children aware of who has what responsibility?

**Have you expressed your wishes for later life care?** Have you detailed this in a written document or a video recording? When was this done? Who has this been shared with and where is a copy kept?

An advisor’s job is to help clients make these directives operative and effective so that, if needed, they will be followed. This means reviews at regular intervals to make sure all information is up to date and accessible to the necessary parties. It is critical to have the correct documentation. For example, in assigning a power of attorney for finance, many financial firms require a client to complete the firm’s specific paperwork in order to delegate financial authority to another person. Documentation from an attorney alone may not be sufficient.

Living wills, also known as advance directives, are a good example of why effective planning requires ongoing communication and updates. These documents can be one of the best ways to state personal wishes for various health circumstances, which can be a tremendous help to family members faced with tough decisions. To prevent confusion and make a living will more effective, the client should share this document with an attorney as well as family members and discuss why the directive’s options have been chosen. The client should do the same with a primary physician and any specialist seen on a regular basis. The more people who understand the client’s plan and desires, the greater the likelihood that those will be carried out without conflict or confusion should a situation arise.

None of these actions is a one-time exercise with clients. Powers of attorney, living wills, and other documented directives should be revisited every five years. Medical and other service providers may be hesitant to take action based on a 10-year-old document. Current is better. Also, powers of attorney should be adapted to a client’s circumstances. What powers does the client want to delegate or withhold? Is a living trust needed to begin to transfer decision-making to the next generation? These are areas where you need to work under the guidance of the client’s legal counsel.

Helping a client take these steps may prevent potential legal or healthcare difficulties and prevent or alleviate family conflicts and distress. Communicating and documenting client preferences for different scenarios provides a tremendous benefit for family members. It guides decision-making and gives people a sense of peace that they are honoring the wishes of a loved one. It also provides an additional layer of protection for your clients from any potential abuse of these delegated powers. Because you know the client and the directives, you are on alert to any third-party actions that seem out of the norm or fraudulent. That provides peace of mind for everyone.

**Have the Groundwork Laid to Respond to Early Signs**

The hardest part of helping a client family with an aging issue is when a person who has been sharp and healthy starts experiencing small worrisome changes. For example, your senior client starts to forget standing appointments, gets easily flustered, or angers unexpectedly. Concrete decisions seem harder to make or remember between meetings. These can be early signs of a mental decline and that the client and family may be at the start of a significant shift in their lives.

For the protection of the client and the firm, you need to talk with your client about these concerns. However, given the delicate nature of the subject, do some legwork in advance of that discussion. First, consult with the person designated by the firm who has the professional expertise to guide you (if not actively participate with you) through this process. This expert can help you determine whether you are indeed noticing signs of a larger problem and, if so, how to raise these issues in the most helpful and appropriate manner. Some firms are training client-facing staff members to recognize signs of dementia and Alzheimer’s and to navigate difficult conversations around aging. Other firms have a staff member or committee that specializes in this topic. The goal is to build internal knowledge and provide a centralized, consistent approach to training and services.

Firms need consistent policies for how these issues are handled, and external training on the signs of dementia and Alzheimer’s for all client-facing staff members is a good starting point. Work with
your firm’s legal counsel to create a written policy for how you will work with clients with aging challenges. Review and revise the firm’s privacy policy to give staff members the flexibility required to reach out to client spouses or other family members if and when concerns arise. With the proper training, policies, and procedures in place, a firm will be in a much better position to help clients who are demonstrating signs of diminished cognitive capabilities without exposing the firm to excess legal risks.

The best way for advisors to help clients with these issues, and the manner that poses the least amount of professional liability, is to have conversations and make plans long before they are needed. It is easier for people in their 50s and 60s to anticipate these matters than for people in their 70s and 80s to address them once they are imminent. Communication is key. We increase the likelihood of realizing our wishes for later life if we make those directives known to our families and the appropriate professionals far in advance. Giving loved ones a road map to follow provides them with the confidence that they are making the right decisions, which is comforting in difficult situations.

For advisors to families, this is a new level of client servicing, and it takes many of us out of our traditional comfort zone. It requires thoughtful preparation and planning, and the backing of internal procedures, but its value to clients and their families can be immeasurable.

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RESOURCES


Anna Nichols is director of communications for Altair Advisers LLC in Chicago. She has more than 13 years’ of research and educational programming experience in the family wealth industry. Contact her at anichols@altairadvisers.com.

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