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Protecting Wealth for an Aging America: Early Client Conversations

New research reveals extent of financial loss before Alzheimer's diagnosis

Having conversations with your clients about the damaging financial effects of Alzheimer's disease and other forms of dementia is now more important than ever, new research has revealed. That's because financial losses can often occur well before an official diagnosis. Broaching the subject early, even in clients who appear cognitively unimpaired, may be an opportunity to preserve a significant proportion of their assets that might otherwise be lost in the financially hazardous, pre-diagnosis period.

Initiating conversations about protecting a client's financial situation in the face of Alzheimer's may not be easy. However, if you're willing to take steps to educate and prepare yourself, you can use this opportunity to provide priceless services to clients and families who one day might have to navigate this disease or other forms of dementia.

This brief from MIT AgeLab's Luke Yoquinto summarizes portions of **"Before the Diagnosis: Dementia's Early Financial Toll,"** which he co-authored with AARP's Karen Kali and Dr. Julie Miller.

It's in harmony with "Protecting Wealth in an Aging America," a suite of materials on financial planning and dementia for financial professionals, their clients and their families, by Transamerica and MIT AgeLab, designed to better prepare you for these important conversations.

Your clients may lose half their wealth prior to a dementia diagnosis

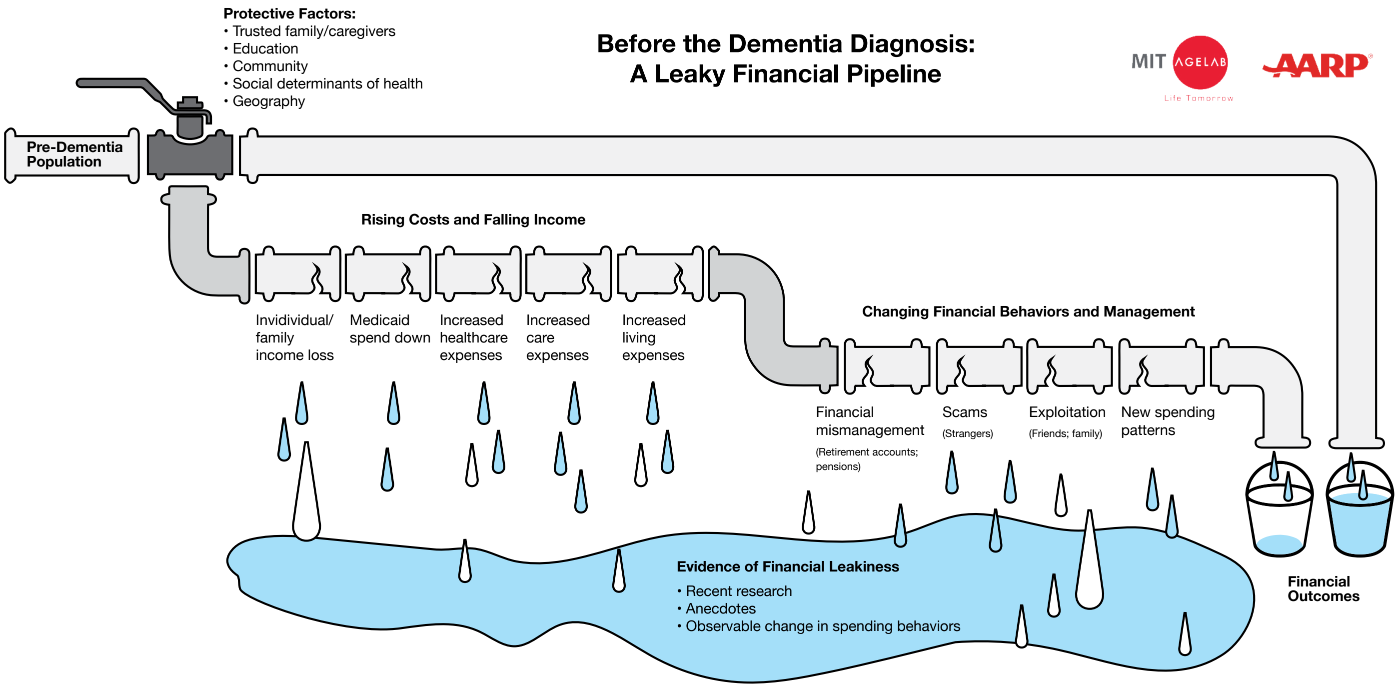
Years before people develop dementia, money begins to seep out of their accounts.

Recent research has revealed that, relative to U.S. individuals lucky enough not to be directly affected by dementia, the household wealth of those who do ultimately develop it begins dropping as many as eight years before their condition becomes diagnosable.

By the time the median individual with likely dementia reaches the point of probable diagnosis, **they will have lost half their household wealth**.[1]

These findings raise as many questions as answers: Where is the money going, and what can be done about it?

The MIT AgeLab has compared the discovery of these household wealth losses to observing a spreading puddle underneath a waterpipe — but not knowing the exact location of the leak.



Where is the money going?

The diagram above illustrates the challenge of identifying the source of the leaks in pre-diagnosis finances. There exists a wide variety of potential causes, belonging to two categories. In the first category, "Rising Costs and Falling Income," the possible losses are caused by the realities of dealing with cognitive impairment: reducing one's working hours to provide care for a spouse, for instance, or spending money on home renovations to better accommodate a family member with disabilities. The second category, "Changing Financial Behaviors and Management," includes financial missteps that may be driven by increased cognitive impairment: greater susceptibility to scams, for example, reckless spending, or financial mismanagement such as selling equities at the bottom of a downturn.[1]

New research continues to shine light into this mystery. Jing Li, health economist and lead author of the study mentioned above, has described new, yet-to-be-published research hinting at a significant role for financial mismanagement, in particular, as a driver of pre-diagnosis losses. The bulk of the money lost appears to come from investment accounts, as opposed to checking or savings. This finding doesn't necessarily preclude scams, fraud, or elder abuse as causes of the losses, but it does suggest small-scale spending habits may be less important contributors than larger-scale financial mismanagement, such as selling equities at the wrong time.[2]

A critical role for financial professionals

Li and her colleagues' ongoing research also hints at one way to stem the tide of lost wealth. Obtaining an earlier dementia diagnosis appears to be somewhat protective against these losses.[2]

Taken together, these new findings – regarding the threat of financial mismanagement and the protective quality of earlier diagnoses – suggest a critical role for financial professionals. Such professionals are ideally positioned to take note of suboptimal or erratic financial moves, including increased spending or charitable giving, trading activity, and the movement of significant sums into new or unexpected accounts.

Preventing such harmful activity is, in and of itself, protective against financial losses. At the same time, the development of new financial management patterns or unexpected financial problems may serve as a warning sign of cognitive impairment.[1] Financial professionals don't just have a window into their clients' finances; they also may see their clients infrequently enough to note changes in their demeanor from visit to visit. As a result, they are often well positioned to note troubling signs of impairment and then take steps to protect the assets under their management, as well as the families under their financial care.

One sequence of steps financial professionals may consider is described in the NAME strategy:

Normalize the conversation. Early in your relationship with your clients, inform them that financial losses often accompany mild cognitive impairment, occurring well before the point that most people get tested for dementia. Are they willing to plan for this threat?

Asset monitoring. Make sure you note your clients' short, medium, and long-term financial intentions, and are aware of their asset allocation and drawdown strategy. This documentation may allow you to spot when a client veers away from a previously agreed-upon strategy.

Make a plan with your clients ahead of time. Decide how you will broach the subject of irregular financial behaviors that may call for follow up with a physician. For instance, would someone exhibiting concerning financial behaviors want to hear about it from you directly? Or should you reach out to a spouse, friend, or other family member?

Encourage testing. If clients are concerned about their cognitive health, there are major potential benefits to getting tested for dementia earlier than later.

Explore more **"[Protecting Wealth for an Aging America](#)"** resources from Transamerica and MIT AgeLab.

Encouraging clients or their family members to seek out a dementia diagnosis is a difficult, even risky, conversation for many financial professionals to contemplate. Clients and their families may ultimately deem early testing invaluable, however, once advisors explain the major financial risks imposed by cognitive impairment, and how obtaining a diagnosis may help reduce them.

Dementia is never a happy subject, and financial losses only add to its already profound list of harms. Cognitive impairment is frequently more preventable than many realize, however, and early treatment and lifestyle modifications may help mitigate some of its effects. A 2024 Lancet Commission report described **14 risk factors**, including physical inactivity, uncorrected hearing and vision loss, and high alcohol consumption, that, if modified, could prevent or delay roughly 45 percent of dementia cases.[3]

The possibility of averting financial losses related to dementia may help motivate individuals who would otherwise be hesitant to get a diagnosis. As a result, when financial advisors spur individuals to get a diagnosis, they may drive significant value for multiple generations of their clients' family. Taking a proactive approach to stemming financial losses can preserve generational savings while giving individuals and their doctors an earlier chance to tackle the root of the issue: dementia itself.

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[1] "Before the Diagnosis: Dementia's Early Financial Toll," AARP and MIT AgeLab, January 2025

[2] "Dementia's Financial Toll: How Losses Can Often Predate the Diagnosis," PLANSPONSOR, May 2025

[3] "Risk Factors for Dementia," The Lancet, July 2024

MIT AgeLab

Transamerica has collaborated with MIT AgeLab and its founder, Dr. Joseph Coughlin, for more than a decade. Throughout that time, we have coauthored award-winning materials for financial professionals and their clients on the impact of longevity. This includes Alzheimer's and dementia, caregiving, the multigenerational workforce, multigenerational wealth planning, behavioral finance, AI, and client engagement.

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