

<http://www.smartaboutmoney.org/Hot-Topics/Diminished-Capacity/Coping-with-Diminished-Financial-Capacity.aspx>

Making financial decisions and avoiding scams can be challenging at any age, but as you reach 60 and older, or experience an unexpected illness such as a stroke or Alzheimer's disease, the capacity to make sound financial decisions significantly starts to decline. This inability to make sound financial decisions is often referred to as **diminished financial capability**.

Take the necessary steps today to prepare both you and your family legally, financially, and emotionally to secure the future.

Warning signs

Adults experiencing diminished financial capacity often have trouble paying bills, make irrational purchases, deplete savings accounts and fall victim to scams.

Unpaid bills, a disorganized checkbook, unexplained purchases, serious credit difficulties and inappropriate investments are indicators that a parent may be experiencing diminished financial capacity due to a cognitive decline.

Communication barriers

Sixty-nine percent of U.S. adults say there are major barriers toward openly communicating with family members about possible cognitive decline issues related to finances, according to the NEFE/Harris Interactive poll.

- The person experiencing cognitive decline may fear losing their independence or privacy or feel embarrassed about needing assistance with financial decisions.
- Concerned family members may not know how to **start a conversation** about a loved one's diminished capacity.
- Other family members may deny a problem exists at all.

Tips for family members

To clear hurdles that limit communications within a family:

Gather information. Learn as much as you can about the disease or medical condition impacting a parent's financial capacity. Attend support groups and reach out to experts such as the [Alzheimer's Association](#). If a parent's cognitive decline is due to grief, reach out to a grief counselor. Share your findings with your siblings.

Be compassionate. Approach the person experiencing cognitive decline with patience and compassion and offer them your help and support. Be positive. Writing a letter that they can read again and again reminding them of how you are there to help is another way of reaching out.

Divide caregiving duties. Have an honest and open discussion with siblings about a parent's cognitive decline, what needs to be done, and the caregiving roles, if any, a sibling wishes to play. Set up a caregiving schedule that works for each sibling. Keep faraway family members up-to-date with weekly emails or phone calls.

Establish Power of Attorney. Establish power of attorney and health care power of attorney for each parent. Invite all siblings who wish to take on this responsibility to do so.

Get your affairs in order. Use the experience to establish your own will and powers of attorney for your family members.

- See more at: <http://www.smartaboutmoney.org/Hot-Topics/Diminished-Capacity/Coping-with-Diminished-Financial-Capacity.aspx#sthash.VpNwT0hJ.dpuf>