

# Financial Capacity and Social Vulnerability in Older Adults

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# What is Capacity?

Capacity: judgement as to whether an individual can make independent decisions or perform a specific task

- Balance between independence and protection
- Not black and white judgement
- Task and time specific

Most common questions are:

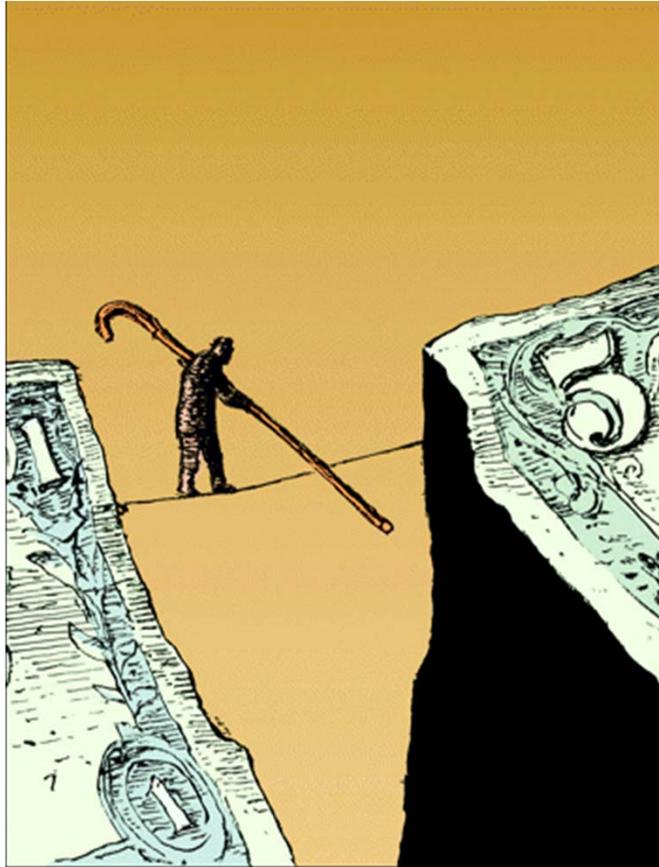
- Can this person manage their own finances?
- Can this person make their own lifestyle decisions?
- Can this person still drive?
- Can this person consent to treatment ?
- Can this person stand trial ?
- Can this person make/ revoke a EPOA?

# Incapacity is NOT

- Ignorance/ lack of skills or knowledge
- Low intelligence
- Eccentricity/ unconventional views
- Annoying behaviour
- Communication failure
- Making a “bad” or risky decision



# Managing finances in later life



- Highly complex activity
- Becomes more important in later life
- Increasing incidence of:
  - Dementia
  - Stroke
  - Other neurological events (e.g. aneurysm)
  - Depression/ Anxiety
  - Chronic medical conditions (e.g. diabetes, pulmonary disease)
- The most common issue to go to tribunals

# Previous research

- Recent research suggests decreased financial management skills is one of the first functional changes seen in patients with early stage AD (Marson et al., 2009)
- Deficits in executive functioning and attention implicated in decreased financial capacity in late life depression (Mackin & Arean, 2009).
- Memory functioning in patients with MCI also associated with future impairments in financial management (Tuokko, Morris, & Ebert, 2005)





# How is it assessed?

- Standard protocol
  - Clinical interview
  - ? Cognitive/ intellectual assessment
  - Difficult to replicate
  - Vary widely between health professionals
  - Tends to have limited objective performance information
- Currently no comprehensive and validated protocol exists.



# Research Aims

- The aim of this research is to test a set of brief, well-validated instruments as to their utility in financial capacity assessments.
- It is expected that the research protocol will yield more comprehensive data regarding an individual's capacity to manage their finances.

# Participants

- Healthy older adults (and a family member/ friend)
- People with memory difficulties (and a family member/ friend)
- >60 years old
- Tested on 1 occasion

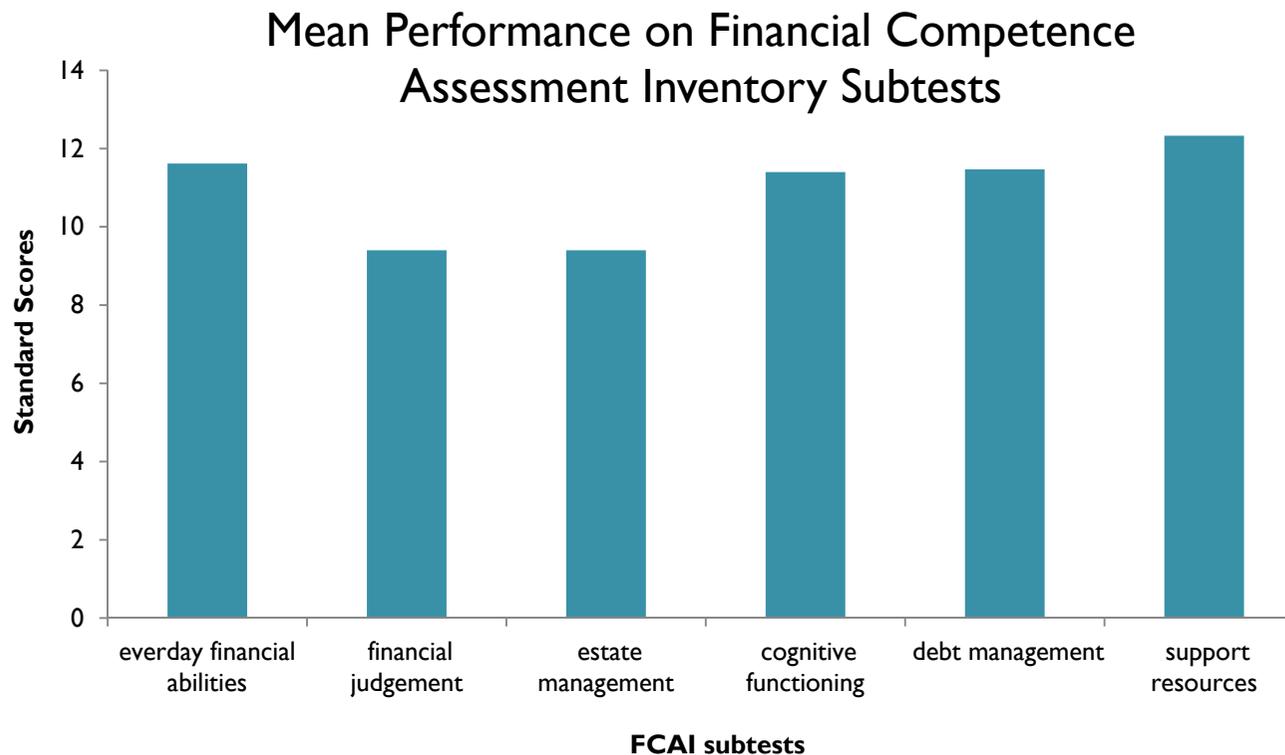


# Instruments

- *Cognitive (Administered to Participant)*
  - Addenbrooke's Cognitive Examination - Revised
- *Financial (Administered to Participant)*
  - Financial Competence Assessment Inventory (Kershaw & Webber, 2008)
- *Affective/ Psychiatric*
  - Geriatric Anxiety Inventory (GAI – administered to pt)
  - Geriatric Depression Scale (GDS-15 – administered to pt)
  - Neuropsychiatric Inventory (delusion, hallucination, depression, anxiety sections- administered to carer/ family member)
- *Social/Instrumental (Administered to carer/ family member)*
  - Social Vulnerability Scale (questionnaire with vignettes)
  - Scale for the Instrumental Activities of daily living in the elderly (IADL-EDR)
  - Informant Questionnaire of Cognitive of Cognitive Decline in the Elderly
- *Financial decision making interview (Administered to Participant & Carer/ family member, separately)*
  - Semi-structured contextual interview of personal and interpersonal circumstances (tailored in part to the unique competency questions in each case)
- **All measures are embedded within a contextual interview with the participants and significant others in their lives.**

# Findings so far....

- Sample = 52 dyads
  - 52 Healthy older adults (M age 69.76, range 60-95.66)
  - 52 Informants (M age 59.13, range 22.3-82.6)



# Results (cont)

- Controlled for age and education
- Financial tasks were associated with cognitive variables;
  - Estate management associated with ACE-R attention/ orientation ( $r = .29, p = .037$ ),
  - FCAI cognitive functioning associated with ACE-R memory ( $r = .29, p = .034$ )
- Mood variables also significant correlated;
  - Anxiety associated with
    - Everyday financial abilities ( $r = -.28, p = .04$ );
    - Financial judgement ( $r = -.33, p = .015$ );
    - Cognitive functioning ( $r = -.46, p < .001$ )
  - Depression significantly associated with poorer debt management ( $r = -.28, p = .038$ )

# Results (cont)

- Only 1 significant relationship found between financial abilities and perceived social vulnerability
- Debt management and vulnerability( $r = -.28$ ,  $p = .038$ )



# Discussion



- Cognitive domains (attention and memory) found to significantly impact on ability to perform financial tasks.
- Anxiety found to play an important and previously unrecognised role in financial abilities
- Although generally considered highly important to task completion, attention and memory abilities NOT associated with vulnerability to exploitation



# Limitations

- Little variation in performance = ceiling effect?
- Difference in clinical sample?
- Small sample size

## However

- Provides good starting point into determining correlates to important aspects of financial capacity
- Highlights need to evaluate psychological areas as well as cognitive domains



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Thank you!!!

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