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)

Mean Performance on Financial Competence Assessment Inventory Subtests

- **everyday financial abilities**
- **financial judgement**
- **estate management**
- **cognitive functioning**
- **debt management**
- **support resources**
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 ($r = -0.28$, $p = 0.038$)
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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References


Thank you!!!

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