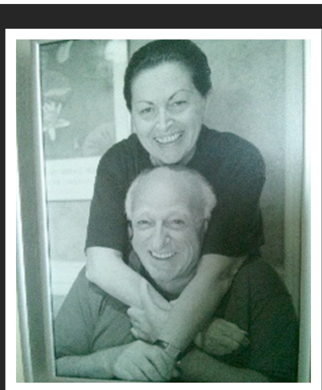
The Impact of Dementia on Family Investments



This is a picture of my late dad who suffered from dementia in his later years. I remember the laughter and the warm smile of my late father, who passed away in June of 2006. As his son, I recall the wisdom of my dad who taught me virtues of honesty, kindness and compassion, until he could teach me no more.

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Did you know, according to the Alzheimer Society of Canada (ASC) that 20% of Canadians 45 and older suffer some form of memory loss and that the risk of dementia increases over 37% after age 65? Also, 65% of those diagnosed with dementia over the age of 65 are women. The ASC goes on to state that the direct and indirect costs of dementia total over $33 billion increasing over $10 billion per year. *(Source: Alzheimer Society of Canada 2016)*

In my practice at Raymond James, I attend many legal events and increasingly dementia is a concerning topic. Dementia is increasingly concerning to financial regulators especially in areas of financial and continuing powers of attorney and suitability of investments for those who are struck by an advancement in cognition difficulty. One organization in the investment industry that is studying how this serious issue may affect a financial advisor's duty to a client is IIROC – Investment Industry Regulatory Organization of Canada.

The aging of the population increases the requirement for proper oversight of the financial accounts of seniors within the investment industry. One tool available to your financial advisor is a properly documented investment policy statement (IPS).

Does your financial advisor discuss the benefits of an IPS? It's surprising that many affluent families do not have one. An IPS acts as a roadmap to help achieve your financial objectives. It includes recommendations for asset allocation, a suitable investment strategy (active, passive, or a combination of both), a description of investment style, any conflicts or portfolio asset class restrictions for growth or income or some combination and investment ranges

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allowed. For example, should fixed income be restricted to a low of 30 percent or a maximum of 70 percent. Should the maximum equity range be set at 65 percent with a minimum of 25 percent? Your IPS sets the longer - term strategic allocation and ranges allowed for tactical allocations.

Tactical allocations are shorter term in nature and your IPS should specify whether shorter term trading is allowed and the degree of turnover in the portfolio. After all, you need to understand how your money is managed and without this form of document, the risk level of your money could stray dramatically from its intent. It is important for your money to best match suitable investments and to meet your investment objectives. This helps keep your risk levels onside and avoids undue concentration in unsuitable asset classes or securities. An investment policy statement includes

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the risk level to be set and any qualitative issues occurring of major importance in a family. For example, there may be cognitive dementia issues that should be documented for seniors.

Ask us for our presentation in this important area. If there is an issue in your family or with a grandparent, we can assist you to review your family requirements and adjustments that may be helpful to document a cognition issue. Should an illness such as aggressive dementia befall you or a loved one, your power(s) of attorney, family lawyer or other family members can understand the purpose, reason and benefit of your investment program. This should occur in the restrictions section of an investment policy statement.

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