

Financial Steps To Prepare For Alzheimer's And Dementia

More than 7 million Americans have Alzheimer's disease, according to a 2025 report from the Alzheimer's Association. The emotional toll of watching a loved one struggle with the memory loss, depression, anxiety and cognitive decline is already overwhelming — but the financial burden can be significant too. Hopefully this disease will never touch your family, but it's important to be financially prepared just in case. By planning to cover long-term care costs and creating a financial strategy for caregivers, you can help protect your family's financial well-being.

Expenses related to Alzheimer's and other forms of dementia can be extensive. Families often face ongoing medical treatment costs, medical equipment purchases, home safety modifications, prescription drugs and personal care supplies. Long-term care represents one of the largest health care costs not covered entirely by traditional Medicare, making advanced planning crucial.

Here are a few essential planning steps to consider:

Plan for care costs and identify insurance coverage. Start by understanding your family's health insurance options, including Medicare, supplemental policies and veteran's benefits if applicable. Determine coverage for adult day care services, in-home care services, full-time residential care and other long-term care options. Confirm whether you or your loved ones have long-term care policies or other insurance with long-term care riders.

In some states, Medicare offers Special Needs Plans (SNPs) for people living with dementia, including Alzheimer's. These plans specialize in care and coverage for beneficiaries with dementia, and only those diagnosed can enroll.

Identify assets and debts. Create a comprehensive picture of your family's financial position, including bank accounts, investments, property and debts such as credit cards, mortgages or lines of credit. You'll need this if you take over financial management for a loved one.

Ensure legal documents are in place. Work with an attorney to establish crucial documents like a durable power of attorney for finances and health care decisions.

These documents should be created before someone is diagnosed or when they're just starting to show early signs of Alzheimer's, so they can understand what they're signing. Waiting until cognitive ability declines makes the process more challenging and may require court procedures for conservatorship.

Consider a living trust. A living trust can hold financial assets and property while a successor trustee, like trusted family member, manages money and makes investment decisions. While complex, these trusts can provide valuable protection for families dealing with a parent or older relative experiencing dementia.

Look for tax benefits. Caregivers who pay care costs out of pocket may qualify for tax credits and deductions. These benefits vary by state, so consult with a tax advisor about your eligibility.

Consider protective measures for early stages. If a loved one is showing signs of Alzheimer's or other dementia, you may want to set up auto-pay for bills, open joint checking accounts, freeze credit reports at major bureaus, consolidate or cancel credit cards, and monitor financial activities closely. This can help keep financial responsibilities flowing smoothly and prevent exploitation by scam artists.

A qualified financial advisor can help evaluate your family's overall situation and recommend appropriate strategies to prepare for potential dementia-related costs. They can work with your legal and tax professionals to help you put comprehensive protection in place.

While an Alzheimer's or dementia diagnosis will change everyone's life in your family, taking proactive financial steps can help ease the burden and provide greater confidence for the journey ahead. For more information, visit www.alz.org.

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