

# Alzheimer's disease

What you should know and the importance of preparation

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## Overview

Life changes as you grow older. It can be an exciting time, especially when family and career responsibilities subside and you have more time to pursue your passions and new experiences. With increased numbers of people choosing a healthy lifestyle, it's expected they'll remain more active than prior generations at a comparable age.

A healthy lifestyle cannot stop the clock or roll back time. Normal aging is still very much a fact of life and is accompanied by physical and mental changes. Some of these changes may create uncertainty and be a cause for anxiety. That too is commonplace as we age. However, an increasing number of seniors may be experiencing confusion or memory loss that is happening more often or is getting worse to the point of concern about developing Alzheimer's disease.

Every 66 seconds an individual age 65 or older is diagnosed with Alzheimer's. Total healthcare spending in last five years of life for patients with probable dementia was \$287,000.<sup>1</sup> There is no cure and currently, there are no survivors. Although there are warning signs, an Alzheimer's diagnosis usually occurs when an individual is experiencing several symptoms and is already in a mild stage of the disease. This guide provides information on Alzheimer's disease and how to plan for and manage a diagnosis.

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## What is Alzheimer's?

Unlike senility, Alzheimer's disease is not part of the normal aging process. It is a progressive, degenerative disorder that attacks the brain's nerve cells, or neurons, resulting in loss of memory, thinking and language skills, and behavioral changes.

These neurons produce a brain chemical or neurotransmitter (acetylcholine). With Alzheimer's, there is a break in the connection between nerve cells, ultimately causing them to die. For example, short-term memory fails when Alzheimer's disease first destroys nerve cells in the hippocampus, and language skills and judgment decline when neurons die in the cerebral cortex.<sup>2</sup>



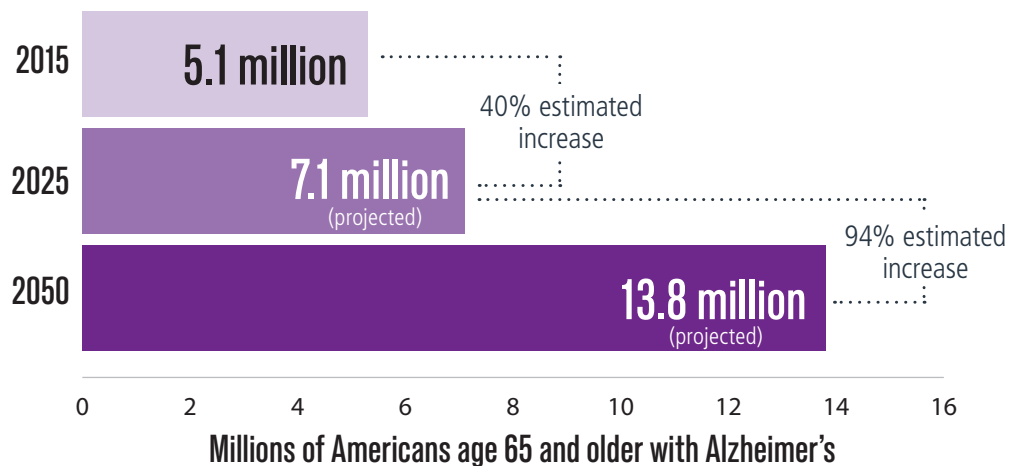
Every **66 seconds** an individual age 65 or older is diagnosed with Alzheimer's.<sup>3</sup>

## The growing prevalence of Alzheimer's

Since 2015, Alzheimer's has become the fastest growing of the five leading causes of death in the U.S.<sup>4</sup> The biggest risk factor for the disease is age, with 81% of individuals living with Alzheimer's being 75 years of age or older. The number of Americans with Alzheimer's is expected to increase as a larger segment of the population reaches their 70s, 80s and 90s.<sup>5</sup> In eight years, an estimated 7.1 million people will be living with the disease—a 40% increase. By 2050, the number may nearly triple to a projected 13.8 million (barring any medical breakthrough of cure or prevention).<sup>6</sup>

For 2014, the latest year that statistics are available, Alzheimer's claimed 93,541 lives, making it the sixth most common cause of death. To put this into perspective, cancer, the second most common cause of death, accounted for 591,700 lives (slightly less than heart disease).<sup>7</sup>

### The prevalence of Alzheimer's



Data source: Hebert LE, Weuve J, Scherr PA, and Evans DA, "Alzheimer Disease in the United States (2010–2050) Estimated Using the 2010 Census," *Neurology* 2013;80(19):1778–83, May 7, 2013.

## How the disease progresses

The National Institute on Aging designates three stages of Alzheimer's—mild, moderate, and severe.



### The mild stage

Most patients receive an initial diagnosis of the disease at this stage. They experience increasing episodes of memory and cognitive difficulties, including:

- Wandering and getting lost
- Repetitious questions
- Taking longer than normal to complete routine tasks
- Trouble handling money and paying bills
- Personality and behavioral changes



### The moderate stage

Damage to the brain becomes evident, although many patients remain able to carry out daily routines. Noticeable changes include:

- Growing memory loss and confusion
- Difficulty recognizing family and friends
- Multistep tasks become difficult
- Inability to learn new things
- Cannot cope with new situations
- Occurrence of hallucinations, delusions and paranoia
- Impulsive behavior



### The severe stage

Clinical changes to the brain profoundly affect general intellectual function.

- Dependence upon others to complete most tasks
- May become bedridden as body functions begin to fail

In this final stage, individuals lose the ability to respond to their environment, to carry on a conversation and, eventually, to control movement.<sup>8</sup> Alzheimer's disease is estimated to comprise 60% to 80% of all dementia cases. Dementia is different from the normal decrease in short-term memory most people experience as they age. Parkinson's and Huntington's disease are other common causes of dementia.<sup>9</sup>

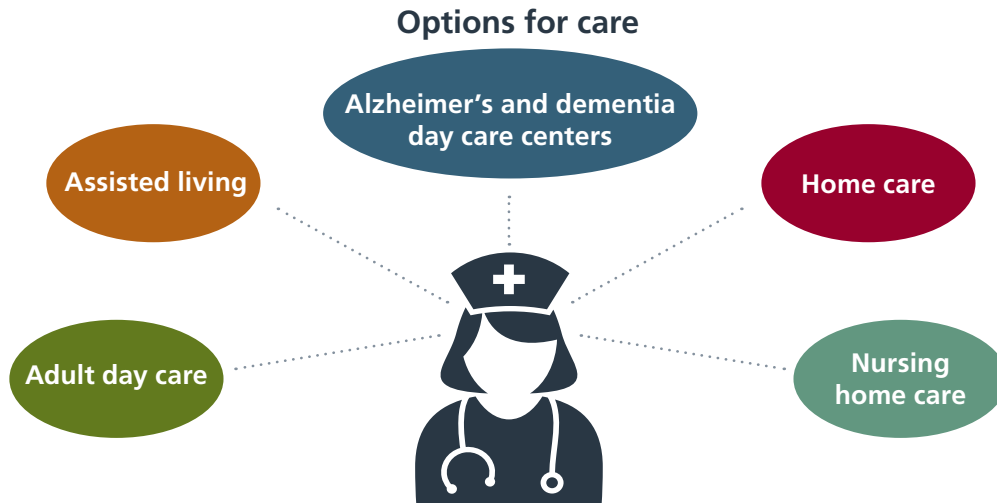
### Common symptoms associated with dementia

- Trouble completing everyday tasks like cooking or cleaning
- Inability to find things that have been misplaced
- Decreased ability to focus and pay attention
- Confusion or disorientation, especially about the day or time
- Personality and mood changes
- Struggling to communicate verbally or in writing
- Decreased judgment and reasoning
- Inability to adapt to change
- Problems with visual perception (i.e., accurately judging distances)
- Loss of motivation, apathy, and withdrawal



## Treatment and care

Alzheimer's patients typically need assistance with daily living when they experience dementia. When Alzheimer's patients begin to experience dementia during the severe stage, they typically need assistance with daily living, such as walking, eating, and using the bathroom. During this stage, the patient may become eligible for long-term care benefits. An insured may also be certified chronically ill and eligible for benefits as a result of severe cognitive impairment.



Presently, there are no treatments to cure, delay or stop the progression of Alzheimer's disease, and there are only two approved medications that temporarily slow the worsening of symptoms. Clinical trials take years to complete due to the long progression of the disease and most will never reach the mainstream.<sup>10</sup>

## The value of planning

According to Lincoln proprietary research, 73% of advisor's clients with \$250K or more in assets recognize the importance of healthcare planning.<sup>11</sup> Despite recognizing the importance, many individuals find it to be a conversation that's easy to postpone, especially when there is no immediate crisis. Planning in advance for the possibility of needing long-term care can, however, increase a person's options before the potential signs of dementia occur. Planning ahead may help you avoid making crisis decisions, especially with Alzheimer's, when you or your family member's cognitive functions may already be impaired. Early planning has many advantages, including:

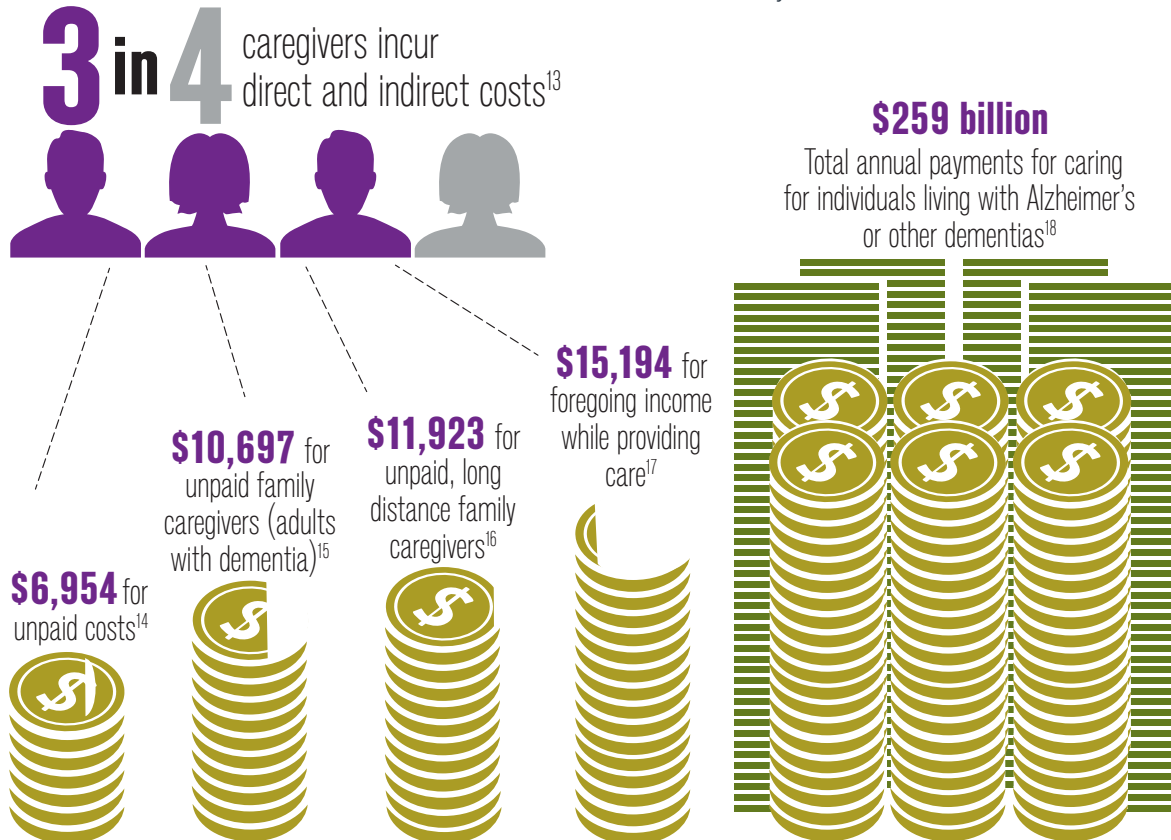
- The ability to research and discuss the type of care you prefer
- The time to explore various options with family, advisors and other professionals
- Understanding the physical, emotional and financial challenges to a spouse or family member who becomes a caregiver
- Being able to avoid emotional decision-making
- Preparing for the possibility of providing extended caregiving
- The ability to investigate and implement financial strategies that can help protect wealth



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## The financial strain of family caregiving

The costs of healthcare and long-term care for individuals with Alzheimer's or other dementias are substantial, and dementia is one of the costliest conditions to society.<sup>12</sup>



**2017 marks the first year total annual payments for caring for individuals living with Alzheimer's or other dementias will surpass a quarter of a trillion dollars.**

## Addressing the risk of long-term care expenses

The duration of the disease, which typically progresses over two to twenty years, poses a strong financial challenge, even for the wealthy. Individuals generally cannot begin planning for long-term care expenses with an insurance option once the mild stage of Alzheimer's begins, because they are uninsurable at that point. Planning for long-term care expenses should be part of the consultation with your advisor well in advance of an initial diagnosis or symptoms. Government programs alone may not address the many costs associated with treatment and care. We must each be responsible to ourselves and to our families to plan early to garner the financial resources needed to fund appropriate care.

Alzheimer's disease, and its potential to deplete resources after years of expensive care, requires that you consider your care options carefully.

At one end of the spectrum, you may have the option to self-fund long-term care. It enables you to have cash readily available, not knowing when or if a health event would arise; however, you lose the leveraging power that an insurance solution might offer. At the other end is traditional long-term care insurance, which transfers the long-term care expense risk to an insurance company.

## Paying for treatment:

### The role of Medicare and Medicaid

**Medicare** Because Alzheimer's is a progressive disease, initial treatment for patients, 65 and older, during the mild and into the moderate stage of the disease may be partially paid for by Medicare. Medicare pays the most for Alzheimer's disease care at 50% of the total amount spent yearly, or \$113 billion,<sup>19</sup> but this is only to cover a portion of the hospitalizations that can happen to individuals with Alzheimer's, and does not include the maintenance of living with Alzheimer's. One in every five Medicare dollars is spent on people with Alzheimer's and other dementias.<sup>20</sup> Medicare does not, however, pay for the costs of most long-term care, which can be common in later stages of the disease.

**Medicare medical insurance**, commonly referred to as "Part B," covers outpatient treatment, such as doctors, but requires a monthly premium payment.

- **Medicare prescription drug coverage** is a separate monthly premium payment.
- **Medicare Supplemental Insurance (Medigap)** is another option to pay for out-of-pocket costs.

For further information on Medicare, visit [www.medicare.gov](http://www.medicare.gov) and [www.socialsecurity.gov/medicare](http://www.socialsecurity.gov/medicare).

**Medicaid** This public assistance program is designed as a safety net of last resort, requiring beneficiaries to have spent down all but a handful of assets in order to be eligible. It's worth pointing out that Medicaid does not provide in-home care. A Medicaid provision may require that the retained assets, particularly the home, of a deceased Alzheimer's patient be sold to satisfy the debt incurred for their treatment. For more information on Medicaid, visit [medicaid.gov](http://medicaid.gov).

## Ways to fund related healthcare expenses

### The potential for self-funding

Some people who want to maintain control of their assets may consider self-funding, or paying out-of-pocket, for their long-term care expenses. But the unpredictable nature of a long-term care event may make you think twice about this option. In addition to the risk posed by the high potential costs, self-funding also involves investment risks for the assets that will potentially be used to pay for care, as well as managing those assets during a long-term care event. You should also consider the tax risk of making substantial portfolio withdrawals to self-fund your expenses.

### Annuities with long-term care riders

If you are primarily interested in securing a source of retirement income, but also want a product that offers protection from long-term care expenses, you might consider an annuity with a long-term care rider. The annuity could provide you a source of lifetime income. The long-term care rider is designed to give you additional income to pay expenses if you need long-term care. However, its benefits may be restricted to care in a nursing home.

### Life insurance with Accelerated Benefit Riders

For those who are looking for the financial protection of a death benefit and added protection from chronic illness expenses, life insurance with an Accelerated Benefits Rider may be an option. It combines life insurance with access to death benefits, which depending on the rider, may be used for chronic illness expenses. Generally, the life insurance component offers the potential to accumulate cash value and leave a legacy for your loved ones. The riders could be exercised to access the death benefit while living; however, the benefits are generally restricted to compensate for permanent chronic care or terminal illness, although some may offer benefits for recoverable conditions as well. Note that accelerated death benefits may be taxable and may affect public assistance eligibility.

### Life insurance/long-term care combination products

These products typically offer long-term care expense protection and other benefits if you don't need care. For example, a hybrid life/long-term care solution may provide you a choice of a death benefit, cash value growth or return of premium, or a combination of those benefits, even if long-term care services are never needed. If you never need the long-term care benefit, your heirs could inherit an income tax-free death benefit. Also, the premium flexibility of some of these solutions gives you the option to pay a single premium or lower payments for a number of years.

### Traditional long-term care insurance

If you just want a policy that covers long-term care expenses, traditional long-term care insurance is an option. These insurance policies are designed specifically for long-term care coverage and help cover out-of-pocket expenses for a variety of services, such as nursing home care, in-home care, assisted living and adult day care. If however you don't need long-term care, some policies may not offer benefits or a return of premium.

Long-term care costs may vary from nursing home, home care, assisted living, Alzheimer's special care units to adult day care services; and all insurance solutions have limited benefits. Be sure to understand the variety of solutions, and start planning for the unexpected today.

## The road ahead

It's likely you or a loved one will experience an illness at sometime during your life that will require care from someone else. And addressing the needs of a patient is often a family affair. Start planning now by asking your financial advisor to facilitate a family discussion.

If you are a senior yourself or know of another family member or friend who is, there are many additional ways to learn more about early detection of Alzheimer's. The Alzheimer's Association is a good place to start [www.alz.org](http://www.alz.org).

Lincoln Financial Group is committed to help you plan for retirement, prepare for the unexpected, and protect your assets from key financial challenges: taxes, long-term care expenses, longevity, inflation, and market risk.

Take charge of your financial future by consulting a financial advisor. If you or your family do not have an advisor, contact your Lincoln Financial representative by calling 855-831-7067, or visit [LincolnFinancial.com](http://LincolnFinancial.com) for further information.

<sup>1</sup> Alzheimer's Association, "2017 Alzheimer's Disease Facts and Figures," *Alzheimer's & Dementia*, 2017;13:325-373, [www.alz.org/documents\\_custom/2017-facts-and-figures.pdf](http://www.alz.org/documents_custom/2017-facts-and-figures.pdf), 2017.

<sup>2</sup> Alzheimer's Foundation of America, "About Alzheimer's Disease," *AFA*, <http://www.alzfdn.org/AboutAlzheimers/definition.html>, updated January 28, 2016.

<sup>3</sup> See note 1.

<sup>4</sup> Centers for Disease Control and Prevention, "Deaths, Final Data for 2014," *National Vital Statistics Reports*, Volume 65, Number 4, p. 10, [https://www.cdc.gov/nchs/data/nvsr/nvsr65/nvsr65\\_04.pdf](https://www.cdc.gov/nchs/data/nvsr/nvsr65/nvsr65_04.pdf), June 30, 2016.

<sup>5</sup> Alzheimer's Association, "2015 Alzheimer's Disease Facts and Figures," *Alzheimer's & Dementia*, 2015;11(3)332+, [https://www.alz.org/facts/downloads/facts\\_figures\\_2015.pdf](https://www.alz.org/facts/downloads/facts_figures_2015.pdf), 2015.

<sup>6</sup> See note 1.

<sup>7</sup> Centers for Disease Control and Prevention, "Deaths, Final Data for 2014," *National Vital Statistics Reports*, Volume 65, Number 4, p. 5, [https://www.cdc.gov/nchs/data/nvsr/nvsr65/nvsr65\\_04.pdf](https://www.cdc.gov/nchs/data/nvsr/nvsr65/nvsr65_04.pdf), June 30, 2016.

<sup>8</sup> Alzheimer's Association, "Stages of Alzheimer's?" *alz.org*, [http://www.alz.org/alzheimers\\_disease\\_stages\\_of\\_alzheimers.asp](http://www.alz.org/alzheimers_disease_stages_of_alzheimers.asp), 2017.

<sup>9</sup> Heathcare Brands, "Understanding Dementia: Does Someone You Know Have Dementia?" *Dementia.org*, <https://www.dementia.org/what-is-dementia>, January 2017.

<sup>10</sup> Alzheimer's Association, "Changing the Trajectory of Alzheimer's Disease: How a Treatment by 2025 Saves Lives and Dollars," *alz.org*, [www.alz.org/documents\\_custom/trajectory.pdf](http://www.alz.org/documents_custom/trajectory.pdf), January 2016.

<sup>11</sup> Lincoln Financial Group and Hanover Research, Inc., "The Longevity Opportunity: Planning for longer lives as a family (2015 Survey)," *LincolnFinancial.com*, <http://newsroom.lfg.com/wealth-protection-expertise>, July 2016.

<sup>12</sup> M.D. Hurd, P. Martorell, A. Delavande, K.J. Mullen, and K. M. Langa, "Monetary Costs of Dementia in the United States," *N. Engl. J. Med.*, 2013;368:1326-34, <https://www.ncbi.nlm.nih.gov/pubmed/23550670>, April 4, 2013.

<sup>13</sup> Chuck Rainville, Laura Skufca, Laura Mehegan, "Family Caregiving and Out-of-Pockets Costs: 2016 Report," *AARP Research*, pp. 6, 7, 37, [http://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/ltc/2016/family-caregiving-cost-survey-res-ltc.pdf](http://www.aarp.org/content/dam/aarp/research/surveys_statistics/ltc/2016/family-caregiving-cost-survey-res-ltc.pdf), November 2016.

<sup>14</sup> See note 1.

<sup>15</sup> See note 13.

<sup>16</sup> See note 13.

<sup>17</sup> See note 13.

<sup>18</sup> See note 1.

<sup>19</sup> See note 1.

<sup>20</sup> Alzheimer's Association, "2015 Alzheimer's Disease Facts and Figures," *alz.org*, [https://www.alz.org/facts/downloads/ff\\_quickfacts\\_2015.pdf](https://www.alz.org/facts/downloads/ff_quickfacts_2015.pdf), March 2015.

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LCN-1766492-042117

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