

# Meeting Summary for AAII Houston - Retirement Solutions SIG Meeting - Cognitive Decline & its Impact on Investing with John O'Keefe

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## Quick recap

Frank discussed his strategy for managing cognitive decline and transitioning financial responsibilities, emphasizing the importance of documentation and providing encrypted copies to designated individuals. The team also discussed the importance of being a patient investor, starting early, and diversifying investments, with Frank presenting a summary of investment concepts and practices for financial guidance. The conversation ended with a discussion on the challenges of initiating and sustaining difficult conversations, particularly those involving personal finances and health concerns, and the importance of planning for one's future.

## Next steps

All attendees to review the 20 best ideas for investing and markets presentation by Charlie Bilello before the next retirement SIG meeting.

All attendees to send John their top 5 book and website recommendations for financial education.

Walter to post the video recording of this meeting on the AAII Houston website within a day or two.

All attendees to consider creating or updating their "diminished capacity letters" for financial and medical issues.

All attendees to review and potentially update their trusted contacts for financial accounts. Charles to email John (jokeefe7@gmail.com) for financial advisor recommendations and articles on choosing advisors.

Walter to provide a link in the chat for joining AAII for Charles' high school student.

K to finalize his draft document on how to manage his money in case of dementia or absence, for his wife and children.

## Managing Cognitive Decline and Finances

Frank presents a plan for managing cognitive decline and transitioning financial responsibilities. He suggests creating two folders on the PC: Folder A for estate documents and Folder B for financial transfers. Frank recommends updating these folders annually and providing encrypted copies to designated individuals. He emphasizes the importance of including password information and subscription details. John suggests using password management software, but Frank prefers a hard copy approach. Frank also mentions preparing a presentation with financial guidance for his children, including his top 10 investing tips for millennials.

## Investing Strategies for Young Adults

Frank discussed the importance of being a patient investor, emphasizing the need to understand the top 10 exhibits and concepts proposed by experts. He also highlighted the significance of saving money, eliminating debt, and staying employed. Frank suggested that his children should subscribe to free letters from experts and read classic studies to gain knowledge. He also mentioned the importance of having a safety net and maximizing company

benefits. Frank and John agreed on the importance of patience and staying in the market. Karl suggested including easy-to-read books in the list for those not interested in investing. The team decided to compile a master list of recommended books and resources for their children.

### **Long-Term Investment and Diversification Strategies**

Frank discussed the importance of starting early and being patient with investments. He highlighted the long-term investment and diversification strategies, emphasizing the need for a mix of different asset classes to stay in the game. Frank also mentioned the potential for markets to be overvalued or undervalued, and the importance of understanding when it's expensive to buy. He suggested using a quilt as a metaphor for diversification, as it can be all over the map but still win consistently.

### **Investment Concepts and Practices Overview**

Frank presents a summary of investment concepts and practices for financial guidance. He discusses different asset types, risk-return profiles, and the importance of considering when money is needed when making investment decisions. Frank also mentions the need to start documenting financial information early for smooth transitions. He suggests several resources for further learning, including books by authors like Warren Buffett and Howard Marks. The group discusses plans to compile and share these resources. John then begins to present information on discussing cognitive decline with clients, which is relevant to their work with financial advisors.

### **Cognitive Decline and Financial Planning**

John discussed the inevitability of cognitive decline with age, its impact on decision-making, and the potential for financial abuse. He presented statistics on the high costs of dementia care, including 24/7 aide costs and facility fees. The group was polled on their preparedness for these costs, with 83% indicating they were partially or fully prepared. John emphasized the importance of planning for these potential expenses.

### **Cognitive Decline Threatens Financial Security**

John discussed the lack of a cure for dementia, which is the only top 10 cause of death that cannot be prevented or cured. He emphasized that cognitive decline poses a significant threat to financial security. John also mentioned that in a typical financial advisory firm, roughly 25% or more of their assets are at risk due to cognitive decline. The rest of the presentation focused on providing advisors with clues on how to discuss this issue with clients. A poll was conducted to understand how people monitor for cognitive decline, with the majority responding that they do so informally. K, a physician, added that cognitive decline is a gradual phenomenon and suggested that making one's portfolio simple could help manage affairs in the future.

### **Navigating Difficult Conversations With Empathy**

John discussed the challenges of initiating and sustaining difficult conversations, particularly those involving personal finances and health concerns. He emphasized the importance of empathy, active listening, and creating a sense of alliance with the client. John also highlighted the effectiveness of storytelling in building trust and encouraged advisors to use open-ended questions to encourage clients to share their thoughts. He stressed the

importance of acknowledging the sensitive nature of the conversation and the potential consequences of not discussing these issues.

### **Planning for Future Decisions**

John discussed the importance of planning for one's future, particularly in terms of financial and medical decisions. He emphasized the need to identify trusted family members or advisors who could step in and make decisions on one's behalf. John also highlighted the importance of documenting these decisions and having a backup plan in case the initial choice is unable to fulfill the role. The attendees were asked to consider these points and share their responses.

### **Cognitive Impairment and Financial Abuse**

In the meeting, John and Frank discussed the challenges of identifying cognitive impairment and the importance of being aware of potential issues. They also touched on the topic of financial abuse and the need for vigilance. K added insights about the commonality of mild cognitive deficits and the importance of having a trusted contact for financial security. The team also discussed the role of a general practitioner in diagnosing cognitive changes. The conversation ended with a discussion on misconceptions about Alzheimer's and the need for awareness in making sound decisions.

### **Investment Rules and Financial Planning**

John presents a document containing 20 investment rules compiled by Charlie Bilello, drawing from John Bogle's wisdom. He briefly goes through some of the rules, including being humble, playing the long game, embracing risk, and diversifying. John announces that the document will be posted on the AAII Houston website for members to review before discussing it at the next meeting. The group also discusses finding reliable financial advisors, with recommendations to seek referrals and consider Vanguard's services. K shares his approach to planning for potential cognitive decline by creating a guide for managing his assets. The meeting concludes with plans to share the presentation recording and a request for members to submit their top 5 books and websites on investing.