

How Brain Health Could Affect Your Finances

How to prepare for the expense of potential cognitive decline



The costs associated with an unhealthy brain can be significant. In addition to medical costs, other areas of expenses may include caregiving, medication, and housing needs. We'll outline potential costs in each of these areas, but first, let's define the difference between dementia and Alzheimer's disease.

What We'll Cover

- The difference between dementia and Alzheimer's
- The Financial Costs of an Unhealthy Brain
- Steps to prepare for the potential costs of cognitive decline for ourselves or a loved one

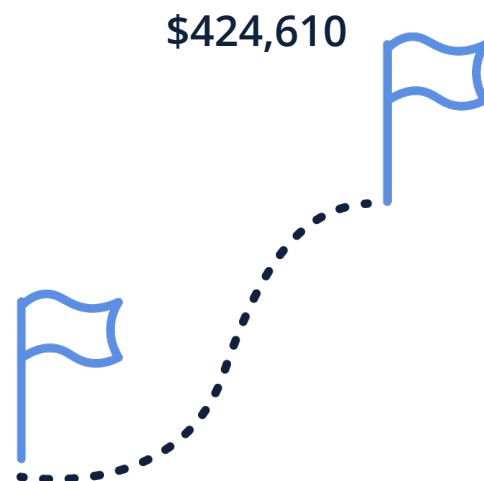
First, the Difference Between Dementia and Alzheimer's Disease

Alzheimer's disease and dementia are often used interchangeably, but they are not the same thing. Dementia is a general term that describes a group of symptoms affecting memory, thinking, and social abilities. It is a progressive condition that affects cognitive functioning, leading to a decline in memory, language, problem-solving, and other cognitive abilities.

Alzheimer's disease is a specific type of dementia, accounting for about 60-80% of all cases. It is a degenerative brain disorder that gradually affects memory, thinking,

and behavior. Alzheimer's disease is characterized by the buildup of beta-amyloid plaques and tau protein tangles in the brain, which interfere with the communication between brain cells and eventually cause their death. Next, we'll look at some trends related to the cost of an unhealthy brain.

Estimated Lifetime Cost of Dementia Care



Source: 2025 Alzheimer's Disease Facts and Figures Report, Alzheimer's Association, 2025

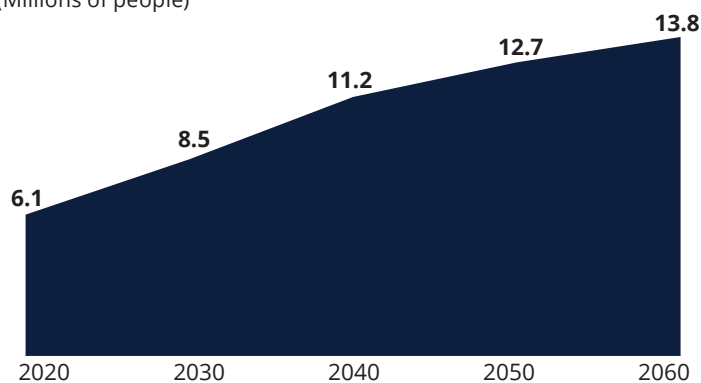
Trends of Dementia and Alzheimer's Disease

- Alzheimer's disease is on the rise (See graph below). Because increasing age is the predominant risk factor for Alzheimer's dementia, as the number and proportion of older Americans grows rapidly, so too will the number of new and existing cases of Alzheimer's dementia.
- People 65 and older survive an average of four to eight years after an Alzheimer's diagnosis, yet some live as long as 20 years with the disease¹
- Changes in the brain may begin a decade or more before symptoms appear

Alzheimer's Dementia Is Projected to Increase

Projected number of people age 65 and older (total and by age) in the U.S. population with Alzheimer's dementia, 2020 to 2060

(Millions of people)



Source: 2025 Alzheimer's Disease Facts and Figures Report, Alzheimer's Association, 2025

Second, the Financial Costs of an Unhealthy Brain

To understand the potential financial needs of Alzheimer's disease, we need to consider all the costs we might face now and in the future. Since Alzheimer's is a progressive disease, the type and level of care needed will intensify over time.

The more financial planning that can be done soon after an Alzheimer's diagnosis, the better-prepared one will be for financial issues and expenses—especially while people can still make financial and caregiving decisions for themselves.

■ Medication

The cost of medication for Alzheimer's disease can vary depending on several factors, such as the type and dosage of medication, the frequency of use, the duration of treatment, and the location of the patient.

Newer drugs like Aduhelm and Leqembi, which aim not to cure the disease but to slow its progression, have list prices exceeding \$25,000 per year. Even with Medicare coverage, patients may face out-of-pocket costs over \$5,000 annually.²

These drugs are not curative—they aim to slow disease progression—but their high cost, especially when combined with caregiving and housing expenses, contributes significantly to the financial burden of dementia care.

■ Caregiving

Initially, a person with a dementia diagnosis can live independently. Often, care is provided by family and friends. But as the disease progresses, full-time care from a home health aide (a person hired to help with basic daily activities and physical care, or require assistance with shopping, cooking, or paying bills) may be needed.

A home health aide can help with caregiving. They help those who live in their homes and offer more extensive health and personal care than friends or family can provide, e.g., help with bathing, dressing, grooming, preparing meals, administering medications, monitoring vital signs, and performing light housework. The annual cost for a home health aide is \$77,792 (based on 44 hrs. per week).³

■ Housing

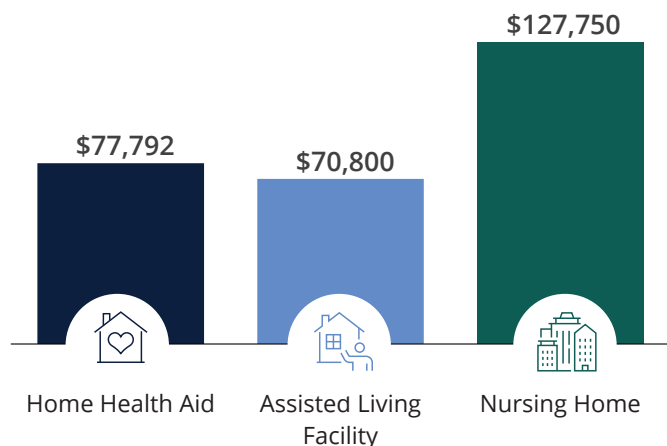
During the middle stages of Alzheimer's, it becomes necessary to provide 24-hour supervision to keep the person with dementia safe. As the disease progresses into the late stages, around-the-clock care requirements become more intensive.

Deciding to move into a long-term care facility, e.g., assisted-living or nursing-home care, may be very difficult, but it's not always possible to continue providing the level of care needed at home.

The cost of long-term care facilities can range from \$70,000 to over \$125,000 per year (see graph on next page).³

The Progression of Care Costs

Annual National Average Cost



Initially, a person with a dementia diagnosis can live independently. Often, care is provided by family and friends. But as the disease progresses, full-time care from a home health aid, assisted living facility, or nursing home may be needed.

Source: Cost of Care Survey, Genworth, 2024

What Medicare and Medicaid Cover

As dementia progresses, many individuals eventually require the round-the-clock supervision and support that nursing homes provide. People caring for someone with dementia often wonder how much Medicare or Medicaid will help cover the cost of this care. The answer depends on the type of care needed and the person's financial situation.

Medicare does not cover the cost of long-term stays in nursing homes. It may cover short-term skilled care in a nursing facility, but only under specific conditions and for a limited time. Because of these limitations, many people are discharged before they feel ready.⁴

Medicaid, on the other hand, may pay for long-term nursing home care for individuals who meet both medical and financial eligibility requirements. These requirements vary by state and can be complex, especially for married couples. In general, Medicaid requires individuals to spend down most of their assets before coverage begins. Once eligible, Medicaid can cover the full cost of care—including room and board—for as long as it's needed.⁴

The Total Lifetime Cost of Dementia

The total lifetime cost of care for someone with dementia is estimated at \$424,610.¹

These costs may include:

- **Medical expenses:** This includes doctor's visits, hospitalizations, and medication costs.
- **Caregiving costs:** Dementia patients often require round-the-clock care, which can be provided either by family members or professional caregivers. This can be a significant expense, particularly if the patient requires skilled nursing care.
- **Home modifications:** As the disease progresses, patients may require modifications to their homes to make them safer and more accessible. These modifications can include installing handrails, wheelchair ramps, and stairlifts.
- **Lost income:** Caregivers may need to reduce their work hours or stop working altogether to care for their loved ones with dementia. This can result in a significant loss of income.
- **Legal and financial fees:** As the disease progresses, patients may become unable to manage their affairs. This can lead to legal and financial issues that require the assistance of an attorney or financial professional.
- **Hospice and end-of-life care:** In the later stages of dementia, patients may require hospice or end-of-life care. These services can be expensive and may not be covered by insurance.

From a financial standpoint, we'd all love to say there are things we can do to eliminate the risk of dementia, Alzheimer's, and mental decline. While that may not be practical, if we could postpone the age at which it occurs, it would impact this number and, beyond the number, our quality of life. If there's anything we can do to maintain a healthy brain for as long as we can, we should be interested in doing that.

Third, Steps to Prepare for the Potential Costs of Cognitive Decline for Ourselves or a Loved One

- **Start planning early:** Even if you don't have a family history of the disease, it's important to start thinking about the potential costs associated with it
- **Consider long-term care insurance:** Long-term care insurance can help cover the costs of care if you develop dementia and need assistance with daily living activities
- **Consider setting up a trust:** A trust can help protect your assets and ensure that they're used to pay for your care if you develop dementia. A trust can give you greater control over how your assets are used and protected for you and your loved ones, even if you develop dementia.
- **Consult with a financial professional:** A financial professional can help you develop a plan to pay for the costs of dementia. They can also help you explore investment options and create a retirement plan that considers the potential costs of dementia.

- **Work with additional professionals:** An elder law attorney can help you set up documents that may be needed, such as a durable power of attorney, trusts, a living will, and a durable power of attorney for healthcare. With a durable power of attorney, you can choose a person to make decisions on your behalf if you become unable to manage your finances independently.

A life care manager can also help provide valuable guidance on financial planning specific to cognitive decline.

- **Talk with your loved ones:** Have open and honest conversations with your loved ones about your plans for dementia. They can provide support and help ensure that your wishes are followed.

If we can do things to keep our brains healthy, we can avoid some of the costs tied to an unhealthy brain. At hartfordfunds.com/brain, you'll find ways to potentially reduce the risk of getting dementia or Alzheimer's disease.

¹ 2025 Alzheimer's Disease Facts and Figures Report: At a Glance Statistics, Alzheimer's Association, 2025

² The Economic and Societal Burden of Alzheimer Disease, AJMC, 09/12/22. Most recent data available.

³ Cost of Care Survey, Genworth, 6/2/24

⁴ Skilled Nursing Facility Care, Medicare.gov, 2025