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# MarketPsych's MEMRI Script

## *A Cognitive Screening Tool for Financial Advisors and Their Clients*

*About half of the population between ages 80 and 89 either has dementia or a medical diagnosis of "cognitive impairment without dementia."<sup>1</sup>*

### OVERVIEW

By virtue of their stewardship of client funds, financial advisors are on the forefront of detecting impairments in their aging clients' financial decision making. While most advisors are unfamiliar with assessing cognitive impairment, it is their responsibility to be aware of a clients' decision making capacity [according to the courts](#). And due to [recent studies](#) that show a [prevalence of dementia](#) of 5% of those in their 70s, 25% of those in their 80s, and 55% of those in their 90s, most advisors are likely to be currently working with clients with signs of cognitive impairment or outright dementia.

### ADVISORS ON THE FRONT LINE

The framework for advisory discussion about cognitive impairment often arises during a review of a client's estate plan – particularly their emergency documents for powers of attorney. During such discussions, advisors typically ask clients questions such as, "who do you trust to manage your financial affairs in an emergency?" Most advisors then seek to establish a communication channel with the trusted individual in case of emergency.

Yet what if a client's cognitive impairment is mild – as is typically the case for several years during the onset of dementia - and the case for conservatorship of estate cannot be made? Such mild cognitive impairment can significantly diminish the quality of financial decision making, yet it is difficult to detect, much less to manage. Few advisors have had training to identify the warning signs of mild cognitive impairment (and [the poor financial decisions](#) that too often [accompany it](#)).

In response to this financial advisor need, MarketPsych created MEMRI - a five-point mnemonic to help advisors assess which of their clients may benefit from a referral to a specialist for evaluation of cognitive capacity. The astute advisor - using the MEMRI checklist - can help speed the process of diagnosis and management and improve the financial outcomes of their clients.

Since advisors do not have clinical training– and direct questions or explicit memory tests are unwelcome by most clients – MEMRI employs an observational style. MEMRI is based on financial advisor findings in the client meeting and collateral (family, friend, associate) input. Positive findings on two or more of the five item MEMRI checklist definitively indicates an evaluation by a physician is



warranted. Impairment on one item is worth further investigation. When in doubt, advisors should err on the side of caution and make a referral for a clinical evaluation.

## MEMRI CHECKLIST INSTRUCTIONS

Please check each of the following criteria that apply to your clients. We recommend this checklist be completed once a year for all clients over 65 years old. Clients with a family history of dementia should begin at age 50, and those who have experienced loss of consciousness or signs or risks of cardiovascular disease (e.g., stroke, angina, myocardial infarction, type 2 diabetes) should have this checklist administered annually from the date the advisor becomes aware of this medical history.

Keep in mind that clients with cognitive impairment often explain away or rationalize signs of decline, so it is important to consider both your own recent observations and collateral information from family members or others who have intimate knowledge of the client when completing the checklist.

## MEMRI CHECKLIST

\_\_\_ **Memory Lapses:** Has the client become forgetful, including demonstrating word-finding difficulties, inability to retain new information, or lacking recall of familiar names?

\_\_\_ **Emotional Lability:** Has the client recently demonstrated personality changes including any of sudden anger flashes, damaging impulsive behavior, inappropriate risk taking, or confabulation (clearly unrealistic explanations of events)?

\_\_\_ **Math Lost:** Has the person had increasing difficulty with simple calculations related to completing taxes, bills, check-book balancing, making change, or other simple mathematical operations?

\_\_\_ **Recognition Lacking:** Is the client increasingly unable to recognize familiar faces, places, or events including being found wandering or lost, confused by simple directions, atypically neglecting appearance, missing scheduled appointments, or experiencing car “dings” or other accidents?

\_\_\_ **Insight Limited:** Is the client indifferent or irrationally dismissive of positive findings on the above checklist? Often when family members or friends suggest there might be a problem, clients without insight dismiss concerns with circular or unrelated explanations.

**DOCUMENTATION:** Like physicians do in their routine documentation of clinical encounters, advisors should write a notation in their meeting notes indicating that MEMRI was checked in order to cover their liability.



## FURTHER INFORMATION ABOUT COGNITIVE IMPAIRMENT

**MEDICAL EVALUATIONS OF COGNITION:** The most widely used screening tool for assessing cognitive impairment is a 30 item exam called the [Folstein's Mini Mental Status Exam \(MMSE\)](#). The MMSE evaluates cognitive functions including arithmetic, memory, and orientation to person, place, and time. Any score greater than or equal to 25 points (out of 30) is effectively normal (intact). Below this, scores can indicate severe ( $\leq 9$  points), moderate (10-20 points) or mild (21-24 points) cognitive impairment.<sup>ii</sup>

**MILD COGNITIVE IMPAIRMENT:** Mild cognitive impairment may be due to a reversible medical condition (see below), a non-reversible result of a brain injury, a normal consequence of advanced age, or a sign of developing dementia. Mild cognitive impairment significantly impacts the quality of complex decision making, but it typically is not apparent in superficial conversation, and it does not yet overtly impact one's quality of life. In this sense, MCI is more dangerous than dementia, as legal protections have not yet been put into place, and financial advisors will often see MCI before it has been diagnosed by medical clinicians.

**DEMENTIA:** Dementia is a form of chronic cognitive decline characterized by significant impairments in occupational or social functioning and activities of daily living. The incidence of dementia rises with age. The most common forms of dementia are fronto-temporal dementia (a.k.a. Pick's Disease - more commonly associated with early personality changes), vascular dementia (isolated neurological impairments and step-wise progression due to small strokes), and Alzheimer's dementia (diagnosed when other potential types have been ruled-out).

**MEDICAL CAUSES OF COGNITIVE IMPAIRMENT:** A number of causes of cognitive impairment mimic long-term dementia. Reversible biological and hormonal changes such as hypothyroidism, B12 deficiency, anemia, hypoglycemia, substance abuse or withdrawal, medication side effects and interactions, infections, tumors, and head injuries cause some or all of the signs of dementia. Psychological causes of cognitive impairment that can mimic dementia include chronic stress, pain, insomnia, and depression.

Dementia is a form of long-term cognitive decline distinct from delirium. **Delirium** is an acute form of disorientation to time, place, or even person. Evaluation and treatment of delirium is a **medical emergency**. Delirium can be caused by acute cardiovascular changes such as strokes or hemorrhages, substance intoxication or withdrawal, infections, or trauma and may be life-threatening.

Insight is often lost early in the dementia process. Ironically, if a client expresses concern that they are progressing toward dementia, they are showing insight. However, those who minimize their problems of cognitive impairment, and those whose family members bring the impairments to the advisor's attention, are those who are likely to be most at risk.



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## DISCLAIMER

The MEMRI mnemonic is meant as a concise tool for use in interviews with clients and their family members. It is not a standardized diagnostic tool, and it is NOT a substitute for a clinical interview or a formal clinical evaluation. When in doubt, always refer your clients to a specialist for further assessment.

## MARKETPSYCH, LLC

Founded in 2001, MarketPsych is a consulting firm focused on optimizing investment and financial decision making through trainings, books, testing, quantitative data, and research.

## ABOUT RICHARD L. PETERSON, M.D.

Richard L. Peterson, M.D. is a California-licensed physician who is Board-certified in psychiatry by the American Board of Psychiatry and Neurology. Dr. Peterson is also registered in the State of California as an Investment Adviser (RIA). He created MarketPsych's widely-used personality and cognitive [testing center](#) for investors, businesspeople, and traders. He has performed numerous competency assessments and provided expert witness testimony for forensic, medical conservatorship, and estate probate cases for the State of California and several California counties.

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<sup>1</sup>Agarwal, Sumit, Driscoll, John C., Gabaix, Xavier and Laibson, David I., The Age of Reason: Financial Decisions over the Life-Cycle with Implications for Regulation (October 19, 2009). Available at SSRN: <http://ssrn.com/abstract=973790> or <http://dx.doi.org/10.2139/ssrn.973790>

<sup>2</sup>Mungas D (July 1991). "In-office mental status testing: a practical guide". *Geriatrics* 46 (7): 54–8, 63, 66.  
<http://www.ncbi.nlm.nih.gov/pubmed/2060803>