

## SESSION 2992 (PAPER)

### SOCIAL AND ECONOMIC CHALLENGES AND BARRIERS FOR OLDER ADULTS AND THEIR FAMILIES

#### COGNITIVE DECLINE AND FINANCIAL WELL-BEING: EVIDENCE FROM THE COGNITIVE ECONOMICS STUDY

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Maintaining financial well-being is important for older adults, as they are generally decumulating wealth at this stage of life. We use survey data from the Cognitive Economics Study (CogEcon, 2008-2017) and Cognition and Aging in the USA Study (CogUSA, 2007-2014) to investigate the impact of cognitive decline on financial well-being of older adults in the United States. In our sample ( $N = 976$ ), with an average starting age of 65 years old, we use linear regression, then add results including a control function approach to correct our estimates for sample selection and attrition. In particular, those who have poor health outcomes (including death) disproportionately attrit from the study and may bias the results of a naïve regression. The naïve regression results yield no relationship between cognition and financial well-being; however, after controlling for attrition, we find that a decline in crystallized intelligence is associated with a decrease in financial well-being, and changes in fluid intelligence are not associated with changes in financial well-being.

#### DOES SPOUSE'S DEMENTIA DIAGNOSIS MAKE INDIVIDUALS SKIMP ON HEALTH CARE?

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Dementia is a costly disease that places great burden on individuals, families, and health care systems. The substantial time and financial resources taken away by living with persons with dementia (PWDs) may make their spouses forgo needed health care, thus deteriorating long-term health. To quantify the effect of dementia on spouses' health investment, I employed a difference-in-difference approach, comparing use of preventive services and doctor visits before and after spouses' dementia onset. Using Health and Retirement Study (HRS) with linkage to Medicare claims, I identified 650 older adults whose spouses had incident dementia during 1993 to 2007, and matched them to 1,816 controls whose spouses were dementia-free. Primary analysis reveals that individuals whose spouse had dementia did not change their use of most health services, relative to dementia-free controls. In stratified analysis, middle-class individuals skimped on flu shot and diabetes screening. Providing help for activities of daily living (ADLs) was associated with 1.9 less doctor visits, the effect of which was stronger among females (2.5 less visits). Help with instrumental activities of daily living (IADLs) was not a predictor of any utilization outcome. In conclusion, externalities of dementia imposed on family members are more profound and complex than deprivation of time. Certain subgroups were worse off in health investment when facing the trade-off between caring for spouses with dementia and caring for themselves. When

understanding dementia burden, the externality imposed on spouses and its heterogeneity should be considered.

#### FINANCIAL LITERACY IN THE FAMILY CONTEXT: THE ROLE OF SPOUSAL EDUCATION AND GENDER AMONG OLDER COUPLES

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Despite recent advances in the literature on the association between one's own education and financial literacy, the role of the family context in financial literacy has received limited attention. I examine whether spousal education is associated with one's own financial literacy among older couples and whether this association differs by gender. Using data from the 2016 Health and Retirement Study ( $n=1,220$ ), I employ a multilevel actor-partner interdependence model to examine the cross-partner effect of spousal education on own financial literacy among older couples. I analyze a set of regression models on pairwise data to estimate the moderating effect of gender. I find that having a college-educated spouse was associated with a higher likelihood of being financially literate and that wives' education attainment was associated with a higher likelihood of financial literacy for husbands. Understanding the role of spousal education in late-life financial literacy adds to our knowledge about the role of the family context as related to individual financial knowledge and skills. Older adults may acquire financial literacy within the family, such as learning from a spouse.

#### OUT-OF-POCKET COSTS ATTRIBUTABLE TO DEMENTIA: A LONGITUDINAL ANALYSIS

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Alzheimer's disease and related dementias (ADRD) affects 5.5 million Americans, and is expensive despite the lack of a cure or even treatments effective in managing the disease. The literature thus far has tended to focus on the costs to Medicare, despite the fact that one of the main characteristics of ADRD (the loss of independence and ability to care for oneself) incurs costs not covered by Medicare. In this paper, we use survey data for 2002-2014 from the Health and Retirement Study to estimate the out-of-pocket costs of ADRD for the patient and their family through the first 8 years after onset of symptoms, as defined by a standardized 27-point scale of cognitive ability. A two-part model developed by Basu and Manning (2010) allows us to separate the costs attributable to ADRD into two components, one driven by differences in longevity and one driven by differences in utilization. We consider total out-of-pocket expenditures, as well as out-of-pocket expenditures by category (i.e. hospital, nursing home, doctor, prescription drug, and other). Our results suggest that the out-of-pocket costs of ADRD are quite substantial over the first 8 years after onset. We also find that out-of-pocket spending is decreasing over the first 8 years, similar to the trend seen in Medicare expenditures. The results of this study highlight the financial burden of ADRD, particularly for the population paying out-of-pocket for care.