

Protect Your Retirement From Cognitive Decline

The Link Between Cognitive Health and Financial Security

Retirement Risk Isn't Just About the Market

Most retirement advice focuses on market risk — ups and downs in stocks and interest rates. However, there is another risk that can be just as damaging and often overlooked: decision risk.

Decision risk is the risk that financial missteps — not market losses — reduce your retirement security. People are living longer, which means retirement can last decades. During that time, retirees face **ongoing, complex financial decisions**, often at ages when **memory, attention, and judgment naturally begin to change**.

The Role of Cognitive Decline

Cognitive decline is a normal part of aging. Changes may include:

- Slower information processing
- Difficulty weighing tradeoffs
- Reduced attention to details
- Increased vulnerability to stress or persuasion

These changes do not happen all at once. However, even mild decline can affect financial decision-making.

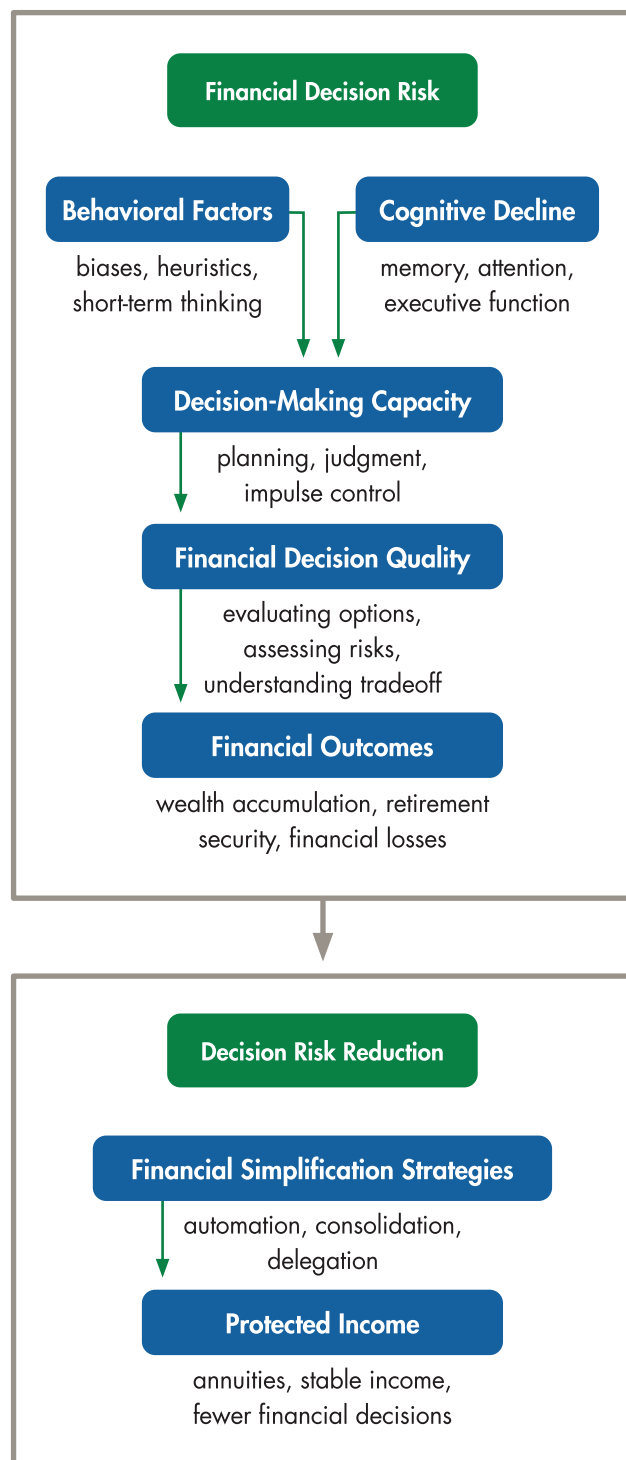
Decision Risk Increases as You Get Older

Research consistently shows that:

- Financial decision-making ability peaks around age 53 and declines gradually afterward.
- Many people experience changes in financial decision-making skills before retirement.
- Warning signs often appear in finances years before cognitive decline is formally identified.

Small issues — missed bills, mixing up accounts, poor withdrawal timing, or increased susceptibility to scams — may seem minor, **but they compound quietly and can permanently erode savings**.

Decision Risk: A Simple View



Source: *Decision Risk and the Desirability of Protected Income*, LIMRA, 2026.



How to Reduce Decision Risk as You Age

Retirement security depends not just on how markets perform, but also on how well financial decisions can be made and managed over time — especially as cognitive capacity changes. One key goal is to reduce the number of high-stakes financial decisions required later in life.

1. Simplify Your Financial Life

- Consolidate accounts where possible.
- Automate bill payments and required minimum distributions.
- Reduce the number of passwords, platforms, and statements.

2. Use Protected Income as “Cognitive Insurance” Against Future Decision-Making Risk

Protected income, such as an annuity, can:

- Provide predictable income regardless of market changes.
- Replace withdrawal decisions with automatic payments.
- Reduce the risk of financial mistakes that can harm long-term security.

3. Make Important Decisions Earlier — for Greater Security Later

Plan for:

- Income strategy
- Beneficiaries
- Powers of attorney
- Trusted contacts on accounts
- Long-term care planning

4. Build Guardrails, Not Dependence

- Involve a trusted family member or financial professional.
- Share basic financial account information.
- Use help as support — not loss of independence.

Support systems can help catch small problems before they become big ones.

Bottom Line

Aging changes how everyone processes information, and that affects financial decisions. **Reducing decision complexity and incorporating protected income can help keep your retirement secure as cognitive capacity changes occur over time.**

Fewer decisions. More stability. Greater peace of mind.

