

## Financial Complexities of a Longer Life

Americans are living longer. That's the good news. The bad news is that most people aren't financially prepared. Many Baby Boomers will be in retirement for over 20 years and unfortunately, many aren't saving and investing with a longer life-expectancy in mind.

There are serious consequences to financial planning around the wrong life expectancy. Some retirees are working later in life; others live in fear of running out of money, while others are leaving less of a legacy than they hoped. No one wants to run out of money in retirement.

### How Long Should You Expect to Live?

The Social Security Administration notes that at 65-years old, the average man can expect to live to roughly 84.3 years of age, whereas the average 65-year old woman can expect to live until age 86.6. This means that on average, Americans can expect to spend about 20 years in retirement.

However, there is a strong chance that you should plan to be in retirement *much longer* than 20 years. One out of every four 65-year olds will live past the age of 90, and one out of every 10 will live past the age of 95. Are you prepared for *three* decades of retirement? Most people aren't.

With these figures in mind, here are 4 steps that can be taken to ensure your financial longevity:

### Step 1) Develop a Clear Vision of Your Retirement Lifestyle

To create a well-conceived plan and have the will to faithfully execute it, you need a clear vision of your lifestyle in retirement. Start by defining your goals and asking yourself:

- Where will I live?
- Where will I travel?
- What will I drive?
- How will my hobbies change?
- Where will I donate my time and money?

It's important to factor realistic spending assumptions into the cost of your retirement, based on your goals and desired lifestyle. Your plan should also include contingencies for health care costs and unexpected expenses.

### Step 2) Address Your Concerns

As we live longer, the trend continues to be to work longer, but oftentimes in a more meaningful and less economically-driven fashion. The act of retiring today is rarely black-and-white, and concurrently, the financial and retirement planning surrounding this life transition is by no means static. As the experience of a major life event takes place, our experience in helping clients in properly coordinating all of their financial affairs has exposed a few common concerns:

- How do I properly draw income from my various investment accounts once I am no longer saving money?
- What are the tax consequences of my various retirement income sources?
- How do I ensure that the retirement income I am taking is *sustainable* over the next 20, 30, 40+ years?
- What do I need to do to be confident I will not run out of money before I die?

### Step 3) Adjust Your Investment Strategies

Start to plan for a longer retirement by adjusting your investment strategies — like saving more, being slightly more (or less) aggressive with your investment strategy, etc. We ensure our clients have these bases covered, so consider calling us if you'd like someone to review your investment strategies.

### Step 4) Consider Your Health Insurance Options

Health insurance is the most expensive and bothersome insurance the average individual carries. Unfortunately, many people approach retirement and believe that the burden of health insurance will be lifted. In reality, even when covered by Medicare and other supplemental insurance plans, there are still substantial costs left for the individual to pay.

In addition to premiums, deductibles, and co-pays, prescription drug costs are likely to rise. In the last decade, the average annual cost of one brand-new drug used to treat chronic health conditions cost a senior \$5,800 (2015), compared to \$1,800 less than a decade earlier (AARP). Planning for a longer retirement requires keeping a keen eye on the rising cost of healthcare in the US.

Understanding the stresses that come with ensuring your financial longevity, we're here to help you sort out the complications of an ever-changing financial plan. Contact us to review your retirement, legacy, and estate plans. Together, we'll create a clear strategy that points you toward a comfortable retirement, whether it lasts one decade or three.

### We Are Here To Help

Living a longer life often creates financial complexities. We encourage you to call (916-405-9140) or email ([info@towerpointwealth.com](mailto:info@towerpointwealth.com)) us with any concerns, questions, or needs you have - we are here for you, and look forward to connecting with, helping, and being a direct, fully independent, and no-strings-attached expert financial resource for each of you.

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