

Quality of Life Issues: Is a financial plan enough?



To live well in retirement, clients and their advisors have to embrace change – and longevity planning.

As clients get older, their circumstances will continue to change, sometimes rapidly. What doesn't change is their desire to be independent, to have social connections that enrich their lives and to participate in activities that bring them joy. Financial planning that can meaningfully address these quality of life issues can make all the difference.

By embracing the realities – and rewards – of longevity in your clients' financial plans, you can help them sort through their possibilities and offer advice designed to guide them up to and through the retirement they've envisioned. Here are some topics to help you start the longevity planning conversation.

Housing

Even in retirement, housing remains the largest spending category. Where clients choose to call home is an important decision, and one that deserves serious thought. Most retirees want to age in place. In a recent AARP survey, 89% of those 50 and older said they want to continue living in their homes indefinitely. However, there are a number of other options in retirement, and it's best to encourage clients to think about the issue before it becomes an immediate need.

Questions to ask:

- Do you want to stay in your home? Will it need to be modified?
- What housing options are available to you, and what will they cost?

- Would you want to downsize? Relocate to a pedestrian-friendly neighborhood?

Healthcare

As clients age, health issues and their associated costs tend to add up. Consider that the average couple at age 65 can expect healthcare costs of \$266,000 over a 20-year retirement – and that number doesn't include any chronic conditions or health emergencies, according to the Employee Benefit Research Institute. An important part of financial planning is to help ensure that healthcare costs don't become a drain on clients' quality of life.

Questions to ask:

- What will the treatment of existing medical conditions cost over the long term?
- Do you know what costs Medicare will cover?
- Should you consider long-term care insurance?

Caregiving

It's a sobering statistic: 70% of Americans age 65 (in 2014) will need some kind of long-term care during their lives, according to the Department of Health and Human Services. At some point, your clients may be providing or receiving care, so this must be taken into account in long-term financial planning.

Questions to ask:

- Do you understand the full impact of being a caregiver?
- How will you get the care you need as you age?
- Is long-term care insurance a good idea for you?

Transportation

It may come as a surprise, but transportation is the second largest expense for individuals older than 65 and accounts for about 15% of their annual expenditures, according to the Bureau of Labor Statistics. That's why advisors should make sure to account for it as part of clients' long-term financial plans.

Questions to ask:

- How will you get to your favorite places in retirement?
- Who will assist you if you can't drive yourself somewhere?
- What transportation options are available in your area?

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