

WILL
YOUR
MONEY
LAST
AS LONG
AS YOU
DO?



WHY A RETIREMENT INCOME ANALYSIS
MATTERS FOR **YOUR FUTURE**



FOREVER YOUNG



Americans are living longer. On average, men who have reached age 65 can expect to live until age 84, while women who have reached age 65 live an average of 86.5 years.¹

We can thank a variety of factors for our increasing longevity. Advancements in medical technology, knowledge about fitness and nutrition, and access to vaccines and medicines have all played a role in adding years to our lives. Older Americans are also putting more life in those years; many retirees enjoy active lifestyles that may include travel, exercise, gardening and other physical activities among their hobbies.

Longer lives mean a need for income that will cover the additional years. While many retirees have eliminated some of the costs from their working years, living an active lifestyle often creates new expenses to add to the budget.

Women, especially, face challenges in creating income that spans retirement. Women are more likely than men to live alone in their later years.² Despite an increased presence in the workforce, the average woman working full time still earns 85% of the income earned by her male counterpart.³ Studies show women are also more likely to take time off to provide caregiving roles to children, aging parents or disabled family members. Because Social Security benefits are calculated based on working years and salary, many women have reduced benefits.

How long will you live and how much money will you need to live comfortably until you pass away? If you knew the exact answers,

planning for lifelong income would be a much more straightforward process. Instead, a solid retirement income plan must address a variety of possible scenarios, with the goal of striking a balance between maximizing annual income and ensuring you won't run out of money in your golden years.

Through a retirement income analysis, a financial professional can help you consider strategies for maintaining finances during retirement. The objective of this analysis is to explore methods for taking distributions from retirement accounts, potentially reduce tax liabilities and to determine how much income you'll need every month in retirement to help ensure your money doesn't run out after you stop working.

Average Life Expectancies Since 1960⁴

YEAR*	MALE	FEMALE
2017	83.1	85.6
2010	82.7	85.3
2000	81.0	84.0
1990	80.1	83.9
1980	79.1	83.3
1970	78.1	82.0
1960	77.8	80.8

*Average expectancy for individuals who have reached age 65 in the indicated year

“ The secret to living well and longer is: eat half, walk double, laugh triple and love without measure. ~Tibetan Proverb ”

DOCTOR, DOCTOR, GIMME THE NEWS



Living longer doesn't necessarily mean we're living better. Chronic disease affects approximately 80% of older adults,⁵ and for many people, health care is one of the largest expenses in retirement.⁶

Consider this: An average retired couple age 65 in 2020 may need approximately \$295,000 to cover health care expenses in retirement.⁷ That number includes things like insurance premiums, out-of-pocket expenses and prescriptions, but excludes long-term care.

Those who wait until age 65 to retire may have access to extended health care benefits through their employer, while people who retire at age 62 will need to cover insurance premiums out of pocket until they are eligible for Medicare at age 65. These are important factors to consider as you approach retirement.

When building a retirement income plan, a financial professional will ask questions that may provide clues to your health care needs during retirement. Do you have an existing medical condition that requires extensive treatment or an array of prescriptions? What is your family history for health and longevity? These factors will all be considered and put into play in your financial plan.

DID YOU KNOW?

In 1984, the average American household spent \$2,500 per person annually on health care. In 2018, that number was \$5,000. That means costs are **100% higher** than they were in 1984.⁸



Health care is the only civil system where new technology makes prices go up instead of down.

~Jaan Tallinn



Know the Stats About Long-Term Care¹²

47.8 million

Number of Americans over age 65 in 2015

87.9 million

Number of Americans who will be over age 65 in 2050

52%

Americans age 65 who will have a long-term care need during their lifetime

1.5 years and 2.5 years

Average duration of a nursing-home stay for men vs. women

\$137 billion

Amount spent on long-term care in the U.S. in 2000

\$208 billion

Amount spent on long-term care in the U.S. in 2015

TAKE GOOD CARE OF MY BABY



Longer lives also bring about an increasing need for long-term care. On average, 52% of Americans turning 65 will need long-term care at some point. Of those, 47% of men will have a need, compared to 58% of women.⁹

According to Genworth's Cost of Care Survey, median costs can range from approximately \$19,500 to \$102,200 per year.¹⁰ Factors affecting the cost include geographic location, type of care needed and length of stay. For most retirees, this is a substantial cost that could impact their financial stability.

Medicare doesn't provide benefits for long-term care; while Medicaid does pay for long-term care, it requires "spending down" assets before it will provide any coverage.¹¹ Waiting to purchase personal long-term care coverage can be expensive, as rates increase with age.

Your financial advisor can assist you in structuring a long-term care strategy that accounts for your unique needs. The planning conducted in a retirement income analysis can provide you with more choices and options you might not have considered, increasing the likelihood your funds will last as long as you do.

“ The future depends on what we do in the present. ~Mahatma Gandhi ”

I WANNA HOLD YOUR HAND



Many Americans require care that may not qualify for long-term care facilities or in-home services. As a result, more individuals are finding themselves in the role of primary caregiver, both in the years leading up to and during retirement.

It's estimated that 34% of caregivers are 65 years or older.¹³ In some cases, they are caring for an aging spouse, and in others they are providing for a disabled child. In addition, caregiving can come in the form of grandparents raising grandchildren. In 2018, 2.4 million grandparents were responsible for their grandchildren, and 46% of those grandparents were over the age of 60.¹⁴

Caregivers often find it rewarding to take responsibility for loved ones, but it can also take a toll on the caregiver's financial and physical well-being. Tending to a chronically ill or disabled loved one may mean additional expenses that place a financial burden on the household. Many caregivers spend more than 24 hours a week providing care for ill loved ones,¹⁵ making it difficult to work outside the home. Taking in extended family may also mean postponing retirement or returning to the workforce to provide for the additional people in the household.

A solid financial plan is flexible and adaptable to life as it happens. After laying the initial groundwork in a retirement income analysis, your financial advisor should meet with you regularly to review the plan and adjust to any life events as they happen, no matter the circumstances.

Caregiving by the Numbers¹⁶

75%

Number of caregivers who are female

34%

Number of caregivers age 65+

47%

Number of care recipients age 75+

43.5 million

Total number of caregivers who provide unpaid care to an adult or child

15.7 million

Individuals who are caring for someone with Alzheimer's disease or other dementia

“ No act of kindness, no matter how small, is ever wasted. ~Aesop ”

WHAT NOW, WHAT NEXT, WHERE TO?



You've done it: you've worked hard and saved for your retirement. But now you have questions. How do I make sure the money lasts? How do I cover all my expenses? Will my taxes increase? Will I have anything left to leave to my loved ones?

Today's retirees are facing unique challenges related to longer lives, increasing health care costs, greater need for long-term care and growing demand to care for loved ones. Understanding the options and navigating the obstacles resulting from these challenges can be overwhelming for many individuals.

An experienced financial advisor can help devise a plan that addresses your questions and “what-ifs” about retirement. He or she will work with you to find solutions that fit your unique circumstances, moving you along the path to the retirement you envisioned.

The journey to retirement is a long one. You should start today to help ensure you'll have enough income tomorrow. Call now to schedule your personalized retirement income analysis and get answers for questions about your retirement. It's your retirement — make it a great one!

RESOURCES

1. Social Security. “Retirement Benefits.” <https://www.ssa.gov/benefits/retirement/planner/otherthings.html>. Accessed Oct. 1, 2020.
2. The Administration for Community Living. May 2020. “2019 Profile of Older Americans.” <https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2019ProfileOlderAmericans508.pdf>. Accessed Oct. 1, 2020.
3. Nikki Graf, Anna Brown and Eileen Patten. Pew Research Center. March 22, 2019. “The narrowing, but persistent, gender gap in pay.” <https://www.pewresearch.org/fact-tank/2019/03/22/gender-pay-gap-facts/>. Accessed Oct. 1, 2020.
4. Centers for Disease Control & Prevention. Oct. 30, 2019. “Health, United States, 2018 — Data Finder/Life expectancy at birth, at age 65, and at age 75, by sex, race, and Hispanic origin: United States, selected years 1900-2017.” https://www.cdc.gov/nchs/hsus/contents2018.htm#Table_004. Accessed Oct. 1, 2020.
5. National Council on Aging. “Healthy Aging Facts.” <https://www.ncoa.org/news/resources-for-reporters/get-the-facts/healthy-aging-facts/>. Accessed Oct. 1, 2020.
6. Fidelity. Aug. 3, 2020. “How to plan for rising health care costs.” <https://www.fidelity.com/viewpoints/personal-finance/plan-for-rising-health-care-costs#:~:text=If%20you%20are%20like%20most,after%20housing%20and%20transportation%20costs.&text=We%20estimate%20that%20about%2015,out%20of%20pocket%20expenses>. Accessed Oct. 1, 2020.
7. Ibid.
8. Megan Leonhardt. CNBC. Oct. 9, 2019. “Americans now spend twice as much on health care as they did in the 1980s.” <https://www.cnbc.com/2019/10/09/americans-spend-twice-as-much-on-health-care-today-as-in-the-1980s.html>. Accessed Oct. 1, 2020.
9. Christine Benz. Morningstar. Nov. 25, 2019. “Must-Know Statistics About Long-Term Care: 2019 Edition.” <https://www.morningstar.com/articles/957487/must-know-statistics-about-long-term-care-2019-edition>. Accessed Oct. 1, 2020.
10. Genworth. March 30, 2020. “Cost of Care Survey.” <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>. Accessed Oct. 1, 2020.
11. U.S. Department of Health and Human Services. July 23, 2020. “Medicaid Eligibility: Financial Requirements.” <https://longtermcare.acl.gov/medicare-medicaid-more/medicaid/medicaid-eligibility/financial-requirements.html>. Accessed Oct. 1, 2020.
12. Christine Benz. Morningstar. Nov. 25, 2019. “Must-Know Statistics About Long-Term Care: 2019 Edition.” <https://www.morningstar.com/articles/957487/must-know-statistics-about-long-term-care-2019-edition>. Accessed Oct. 1, 2020.
13. Family Caregiver Alliance/National Center on Caregiving. April 17, 2019. “Caregiver Statistics: Demographics.” <https://www.caregiver.org/caregiver-statistics-demographics>. Accessed Oct. 1, 2020.
14. Grandfamilies.org. May 2020. “Fact Sheet: Grandfamilies: Strengths and Challenges.” <https://www.gu.org/app/uploads/2020/05/Grandfamilies-GeneralFactSheet.pdf>. Accessed Oct. 1, 2020.
15. Family Caregiver Alliance/National Center on Caregiving. April 17, 2019. “Caregiver Statistics: Demographics.” <https://www.caregiver.org/caregiver-statistics-demographics>. Accessed Oct. 1, 2020.
16. Ibid.

Prepared on behalf of:



Metairie Office:
2800 Veterans Memorial Boulevard
Suite 170
Metairie, LA 70002

Mandeville Office:
4030 Lonesome Road
Suite A
Mandeville, LA 70448

Gulfport Office:
8930 Lorraine Road
Suite C
Gulfport, MS 39503

Baton Rouge Office:
The Metro Office Park
10235 Jefferson Hwy.
Bldg. 4, Ste. B
Baton Rouge, LA 70809

504.832.9200
info@gregoryricks.com
www.gregoryricks.com

Investment advisory services offered only by duly registered individuals through AE Wealth Management, LLC (AEWM). AEWM and GregoryRicks & Associates are not affiliated companies.

This content is provided for informational purposes only and is not intended to serve as the basis for financial decisions. Our firm does not provide tax or legal advice. All individuals are encouraged to seek the guidance of qualified professionals regarding their personal situation. The information and opinions contained herein provided by third parties have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed.

Content prepared by Advisors Excel.

© Copyright 2020 Advisors Excel, LLC