PROFESSIONAL FINANCIAL
Purposeful Wealth Management

Wealth Planning Report

Wealth Planning for Age 90, 100—and Beyond

Thanks to better care from advances in modern medical technology, people in America are living longer and enjoying better health than ever. Some experts—like Harvard University Professor of Genetics David Sinclair, author of *Why We Age—And Why We Don't Have To*—even proffer that "there is no biological limit, no law that says we must die at a certain age."

That potentially exciting prospect comes with a big challenge: planning financially for golden years that might extend to age 90, 100—or even longer. If an additional ten or 15 years are added to your life, you could face the very real risk of running out of money while you're still alive—or having so little left that once was a comfortable lifestyle is seriously compromised.

The good news: ***Longevity planning*** is an increasingly important part of successful families' broader wealth planning. It addresses the financial risks inherent in the possibility of living much longer than previous generations. Here are two ways smart wealth management can apply integrated wealth solutions that address your complete financial structure.

Concierge and specialized medical care

Any discussion of living a longer life must involve how to pay for advanced medical services, so that you and loved ones can continue to enjoy lives that are not just extended, but also healthy and active.

The medical care landscape is changing rapidly due to incredible biotechnology developments. The traditional health care system with its reimbursement model and dependence on Medicare is unlikely to be able to keep up with the demands of a growing number of people over age 65. For those who can afford it, *concierge medicine* can be a viable solution to get better care.

While the term covers a broad variety of health care delivery models, concierge medicine at its core is a membership model: For a scheduled fee, you have access to "boutique" medical practices with relatively small ratios of patients to physicians—enabling shorter wait times, longer visits and significantly more personalized care given or with access to physicians with greater expertise than today's bureaucratic, insurance-driven medical care reimbursement model.

High-quality concierge medicine can be very costly, depending on the type and level of care needed and who provides specialized services. Therefore, longevity planning in wealth management addresses the potential high costs of concierge health care. Some specialized medical care can be extremely costly—even for those with substantial wealth. Consequently, more wealth managers, accountants and attorneys are working closely with affluent families to assure that their financial and legal world can take full advantage of the opportunities. For example, certain forms of insurance can structure health care coverages in very tax-efficient ways.

ESTATE PLANNING

Estate planning is a key aspect of longevity planning. Due to longer life spans, people and families should rethink their existing estate plans and even their entire mindset about wealth transfer goals. Indeed, the potential to live much longer can create an estate planning minefield for wealthy families as well as their wealth managers and tax experts if not prepared.

Specifically, we're seeing significant issues develop for high-net-worth families in terms of how and *when* to transfer assets to subsequent generations.

For example, among many wealthy families, a critical longevity-related question must now be asked: "When should the next generation get to benefit from and control the assets they are intended to have—especially if they are likely to live longer than you?"

If a successful business owner, for instance, expects to live past 100 due to coming medical advances, when will the inheritors take control of the family-owned and -managed company? Is it in their 70s? 80s? 90s? Potentially disastrous family confrontations could arise from not proactively thinking through the possibilities. Consider one example of a family business where the son was in his early 50s and his father (the founder) was in his early 80s. The son expected to take over the business years before—but his father, who continues to be in good health, has no intention of stepping down. Fed up, the son leaves to start a competing firm. Ultimately, this causes a split within the family that negatively impacted the founder's relationship with his grandchildren.

Controlling wealth until death is all too common a practice among self-made millionaires. This approach can lead to poor estate planning with unintended consequences, especially when those involved may outlast or outlive the intended beneficiaries.

Often, transferring assets before death can be wise. That heads off lots of possible problems—such as family disputes, lawsuits and assets strangely disappearing. Shifting some wealth before death can also prevent problems if the wealth holder suffers dementia and is exposed to exploitation by staff or family members. Early transfers will freeze values for estate tax calculation purposes.

Consider the following questions:

- Are you as concerned as you should be about rising health care and state-of-the-art treatment costs that could cause you or your spouse to run out of money—especially if one or both of you live to 100 or beyond?
- Are you concerned about how the real possibility living to 100 or older could impact your assets—and your ability to pass on those assets to loved ones, according to your wishes and as you see fit? Do you have flexible estate planning strategies?
- Are you working with a wealth manager knowledgeable about longevity planning who can help you afford the health care you could need so you leave a legacy according to your will?

The fact is, with longevity planning garnering more interest as new medical breakthroughs continue, elite wealth managers and aligned professionals will play increasingly supporting roles in funding concierge medicine as part of estate and legacy planning. A famous dinner toast goes, "May you live as long as you like, and have all you like as long as you live." Smart longevity planning makes that statement less of a wish and a more likely outcome.

Paul Byron Hill, MBA, MFP, MSFS, ChFC®, RICP®, CFP® is a nationally recognized Wealth Management Certified Professional™ and Certified Financial Planner™ professional, written about in *Fortune, Forbes, Bloomberg Businessweek,* and *Money*. Paul is the co-author of *Retire Abundantly*. Reuters AdvisePoint recognized Mr. Hill as one of 500 "Top Advisers" in the U.S. and featured him in an interview on their website.

Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first fiduciary planning firms that specializes in retirement and wealth management for affluent and aspiring families. Paul is a personal chief financial officer acting in best interest of clients. He brings together a proven process and a network of specialists for making informed decisions for systematic strategies, secure income, mitigating taxes, protecting assets, and preserving wealth for family and purposeful causes.

Mr. Hill received a BA with distinction from the University of Rochester and later an MBA in finance from its Simon School of Business. He earned an MS in financial services from The American College along with his Chartered Financial Consultant and Retirement Income Certified Professional designations, and then received an MS in financial planning from the College for Financial Planning (now at the University of Phoenix). The College for Financial Planning appointed him as adjunct faculty, and he taught at St. John Fisher College. Who's Who presented Paul with the Albert Nelson Marquis Lifetime Achievement Award, and featured him with others in *The Wall Street Journal* and other publications.