

WHAT IF YOU LIVE A REALLY LONG LIFE?

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“Included is a discussion of factors that help identify those who may live longer, along with a link to a very cool online calculator that estimates how long you may live.”

McCarthy Asset Management, Inc. is an independent, fee-only investment advisory firm that has been helping people invest wisely for over fifteen years. Our mission is to help you better understand and improve your financial situation. We specialize in Retirement Planning, Portfolio Management and Tax Planning.



(based on the November 2014 Money.com article “Make Your Money Last...and Last” and the October 2014 Wealthmanagement.com article “Sizing Up a Client’s Lifespan”)

Americans Are Living Longer and Being More

Active: New research indicates that many Americans are not only living to more advanced ages than any previous generation, but also staying healthy and active longer into their retirement. For instance, a moderately affluent couple

aged 65 today has better than a 40% chance that one or both partners will live to at least 95—and that chance should improve to 50% in the next 15 years. As Joe Coughlin, director of MIT AgeLab, puts it, “We’ve pushed out the longevity calendar from close to 50 years in 1900 to close to 100 today.” Meanwhile, researchers at the University of Massachusetts Medical School have found that, in addition to living longer, older Americans are reporting fewer symptoms of disease, showing fewer signs of impairment on everyday tasks, and displaying more energy than previous generations.



Estimating How Long You Could Live: According to a 2012 Society of Actuaries research project on mortality, the following characteristics help identify those that typically live longer than suggested by the actuarial tables:

- Those who are wealthier, more highly educated, and have a spouse
- People who live in urban areas, particularly higher income areas. Amy Symens Smith, chief of the age and special populations’ branch at the U.S. Census Bureau, says that a majority of the oldest U.S. citizens live in urban areas. “Living in the city, you have a lot more mental stimulation, better doctors and hospitals and more social networking.”
- Those who engage in regular physical activity, good nutrition, no tobacco use, and only moderately consume alcohol. According to a 2014 Centers for Disease Control report, people who engaged in all four of these healthy behaviors were 66% less likely to die early from cancer, 65% less likely to die early from cardiovascular disease, and 57% less likely to die early from other causes compared to people who did not engage in any of the healthy behaviors.

Our Services

Investment Management Services:

- MAM creates and manages customized investment portfolios based on each client's investment objectives, timeframe and risk tolerance.

Financial Planning Services:

- The Net Worth Analysis (NWA) tracks the accumulation of Invested Assets for pre-retirees and the retention of Invested Assets for retirees. Updated annually.
- "Retirement Analysis" a comprehensive analysis of your retirement goals, which produces easy-to-read, interactive working plan, stored in the cloud. Updated as needed for life events.

Tax Services: Clients have the option of utilizing the income tax services provided through the firm Stephen P. McCarthy, CPA. These services are offered at an hourly rate and may include:

- Tax Return Preparation
- Income Tax Projections
- Tax Minimization Ideas
- Tax Authority Representation

Other Services: MAM has retained several outside experts, whose services are available at no cost to our clients:

- Long Term Care Planning— Allen Hamm of Superior LTC Planning Services, Inc.

While of course we can't really know how long we will live, there is an interesting online age calculator available at www.livingto100.com. The calculator, which draws on data from the New England Centenarian Study at Boston University, incorporates a whole host of factors including lifestyle, personal history and family history. I recommend you check it out. You are more likely to be surprised on the upside than the other way around (it predicts I will live to age 99). More importantly, the calculator can help you identify risk factors, which may spur changes in diet and exercise that can add years to your life.

Implications of Living a Longer Life: What are the implications of us living longer and being more active later in life? Here are a few of them:

- Delay starting Social Security under full retirement age (currently 70). For each year you delay taking social security until full retirement age, the annual benefit increases by 8%. The breakeven age that you need to live to benefit from delaying social security until full retirement age is in your early 80's. If you live past that age, you come out ahead by waiting. If you live until 90 or later, the increase in the payments is substantial.
- Even in retirement, invest for some growth with your portfolio(s). While studies have shown a sustainable annual withdraw rate is 3% to 5% of the portfolio value, growth is needed to allow those withdrawals to be increased for inflation. Over time the impact of inflation can be substantial. For instance, at a 3.0% annual inflation rate prices double in 24 years, and at a 4.0% annual rate they double in 18 years.
- Need for a Long-Term Care Plan: Unless you have already addressed it, we recommend that you have Allen Hamm prepare a Long-Term Care Plan for you. While Allen does sell long-term care insurance, he says that in only about 25% of the Plans is long-term care insurance purchased. The purpose of a Long-Term Care Plan is to address how you plan to cover the potential need for long-term care.