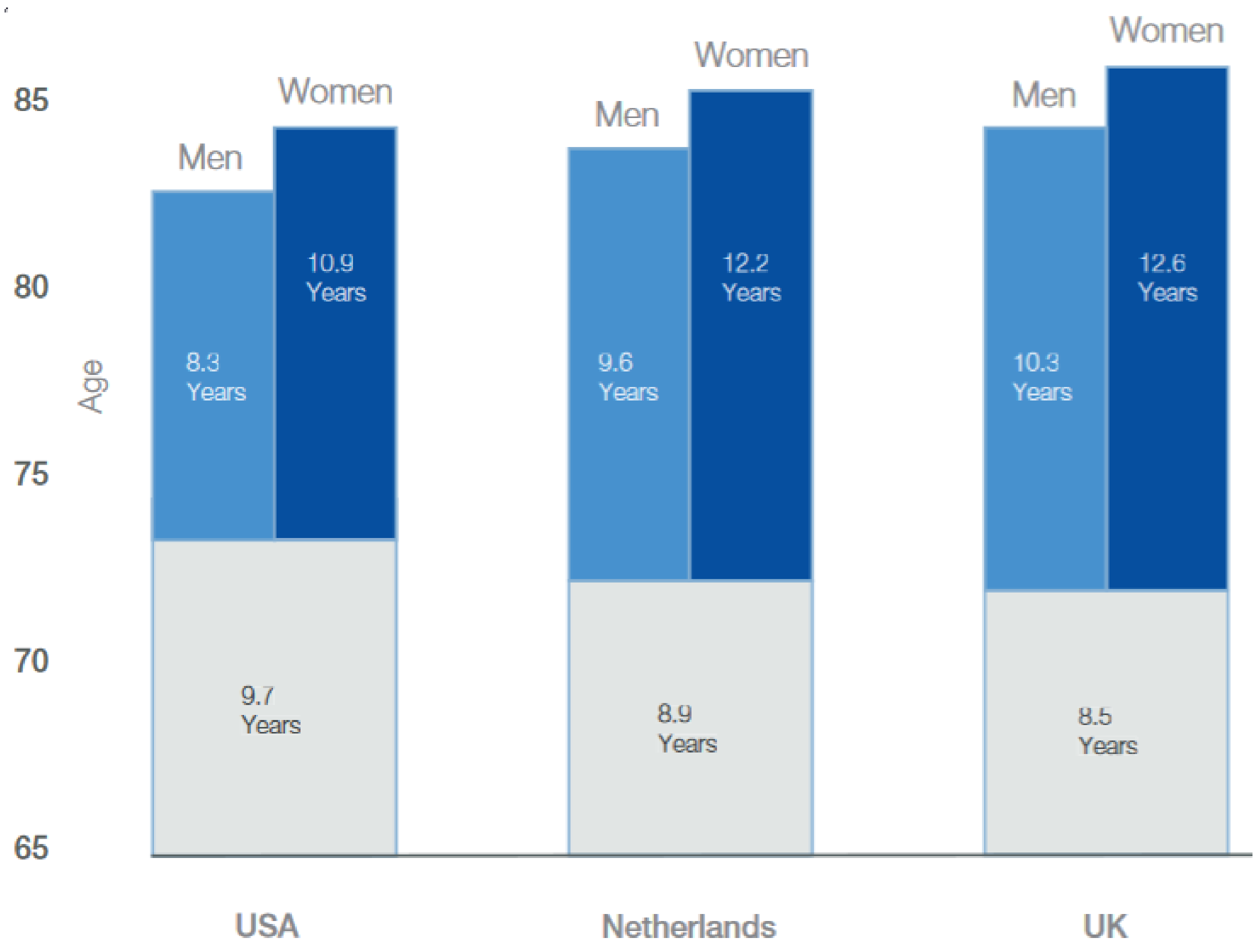
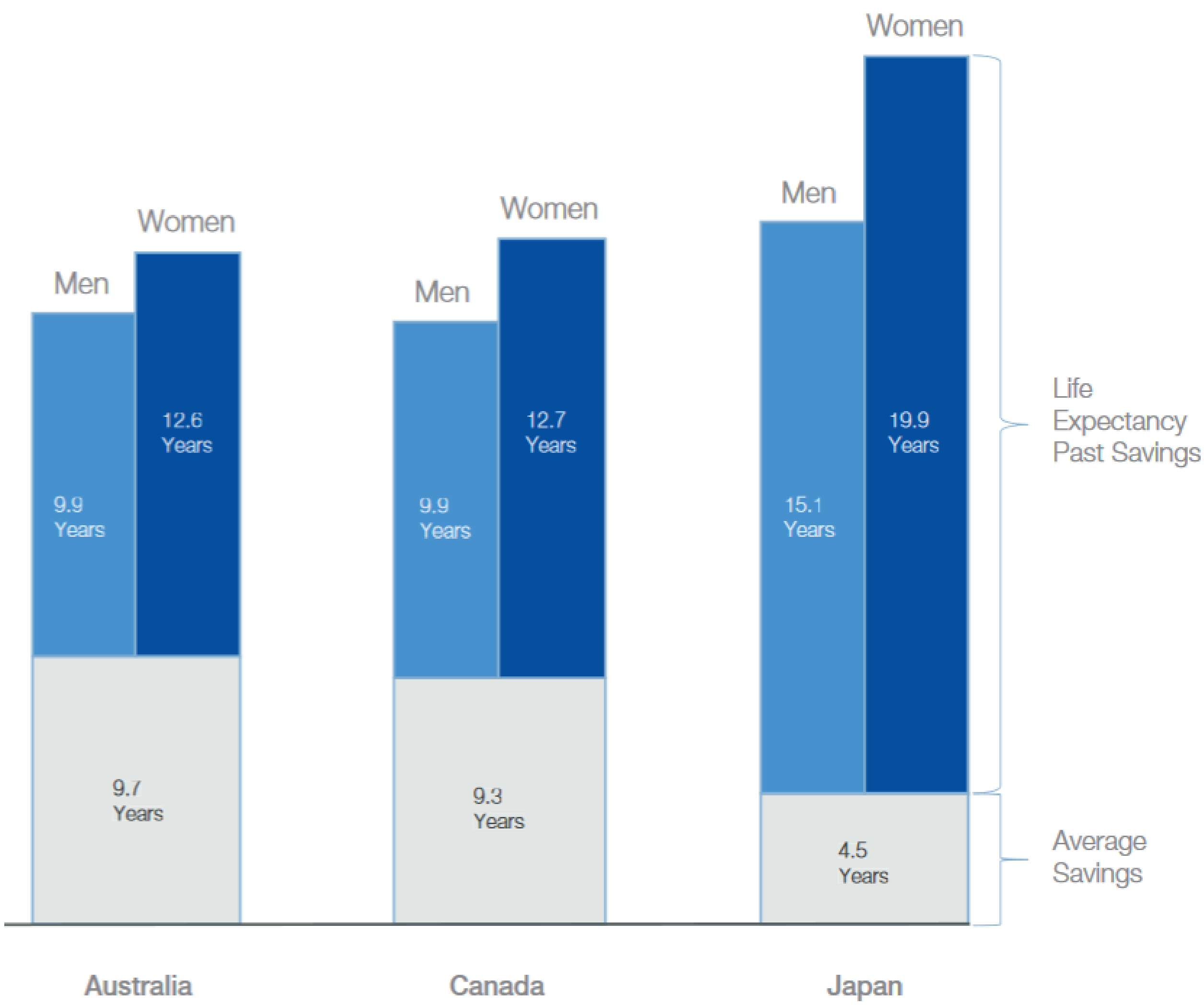
Can You Afford to Live to 100?

Rising longevity is a major financial issue because late in life there's an 80% chance that one or both spouses could be in assisted living, skilled nursing, or memory care for years. According to Investing in (and for) Our Future published by the World Economic Forum, the average retiree in the US will outlive their savings in less than 10 years, and it's worse in other countries, especially Japan, as shown in the following,

According to research provided in an Ameriprise Modern Money study, which explores how investors navigate their financial lives, the No.1 financial priority for respondents is saving for retirement, but most do not save enough.

Retirement Savings Deficit: Years Saved Versus Life Expectancy





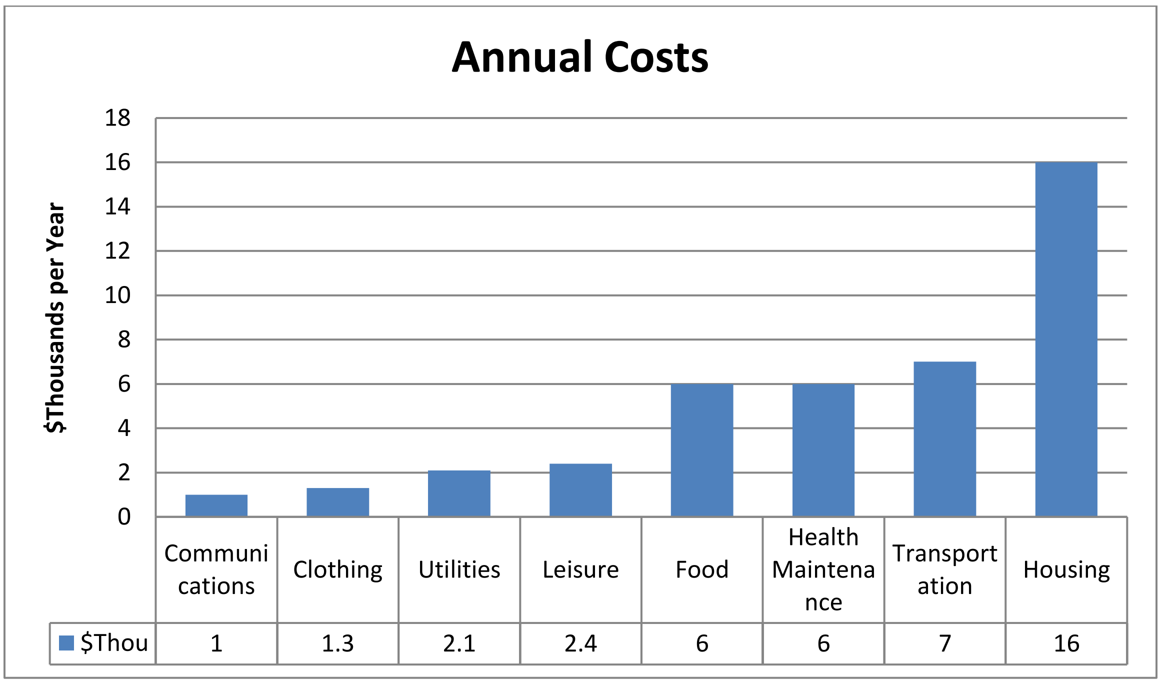
As shown in this Infograph, the retirement savings gap is global, representing a $70 trillion time bomb. The average retiree can expect to rely on charity for most of their retirement years, but if it weren't for the risk of getting seriously ill, many of us could be confident that our money would serve us for a lifetime even if we live to be 100. Demographers predict that children born since 2000 will live to 100, and children born in 2007 will live to be 104. For men, 68 is the new 59.

GlidePath Wealth Management can help you make some important decisions that impact your financial welfare for a long life. For example, you might plan to never retire. According to a new poll from The Associated Press-NORC Center for Public

Affairs Research, 23% of respondents say they don't ever plan to retire. And that's both a good thing and a bad thing.

Paying for the basics

9 Retirement Expenses Every Senior Should Plan For reports that average expenses in retirement are currently about $42,000 per year, excluding one big unknowable – long term care.



Social Security payments will probably cover much of this expense, let's say $25,000 of it, so net basic expenses are $27,000 per year, which is $810,000 for 30 years, unadjusted for inflation.

A lengthy retirement is expensive, even if you stay healthy, but 47% of men over 65 and 58% of women will need long-term care during their lifetimes, and the costs could be astronomical. There's a 78% probability that at least one spouse will require long term care.

How much does long term care cost?

Median Annual Cost of Long-Term Care

Adult Day Care	$17,680
Assisted Living	$43,539
Homemaker Services	$45,760
In-Home Health Aide	$46,332
Nursing Home (semi-private room)	$82,125
Nursing Home (private room)	$92,378

Source: Genworth 2016 Cost of Care Study

On average men will need 1.5 years of long-term care and women will need 2.5 years but many find themselves in long term care for a decade or more. End of life medical care costs can bankrupt retirees. Dementia patients can expect to pay at least $300,000.

How can I pay for long term care?

Medicare only pays for skilled and rehabilitative care after a three-day hospital stay; this excludes custodial care, the assistance someone needs for daily living. The "poor" can claim Medicaid benefits if assets are less than $126,420, excluding your home, and you earn less than $56,000 per year. Coverage and eligibility requirements vary by state.

The rich can self insure.

The Vast Middle Class has the option of buying long term care insurance. The average long-term care insurance annual premium costs $3,490, and if you end up paying that over the course of 25 years, that's a whopping $87,250. However, that sort of premium might buy you over $666,000 in coverage, according to the Long-Term Care Insurance Price Index. Should I Buy Long Term Care Insurance is a good guide for making this complicated important decision.

Investment returns can help

Investments can help extend the life of savings, but the old rule of investing one hundred minus your age in equities is no longer viable

For the Vast Middle Class, researchers have found that it is best to begin your retirement years very conservatively, around 10% in equities, and to then gradually increase risk through time to about 40% in equities. Low risk early in retirement protects your savings at a time when they are at their highest, before you start spending. Then as savings deplete over time, increasing risk can help restore their value. You fund spending with savings plus returns on those savings. You can view this increasing risk pattern as spending from non-equities first.