

What is the biggest threat to your retirement wellbeing?

People tend to focus way on the daily ups and down of the stock market, potential disasters such as earthquakes, fire in your home , or floods. The most realistic threat to your family is needing long term care help and the costs associated with these needs.

- As I have mentioned above 70% of us will need long term care during our lifetime.

I have often been asked by people what are the options:

- 1) A few do nothing. I called that uneducated self-insurance. Their nest egg is at risk from sudden depletion. If you are a couple think about the financial risk and burden you are taking should one of you have long term care needs either at home or at a different location. Now you are facing expenses from two households. So while losing a partner or spouse can be emotionally tragic, the real economic disaster is not the death of your loved one but their long term needs draining your nest egg. While people often joke about end of life plans we rarely have control through our declining years and the journey can be expensive.
- 2) Others partially insure. They realize the great risk they are taking and often times buy a traditional long term care insurance policy that often will provide a certain benefit a day maybe \$200 or so. These benefits generally increase with inflation . They are designed to meet a potential need for a client. The cost is based on age and good health. They can run from \$2000 to \$5000 dollars a year. With good planning most of my clients have used a portion of their retirement assets that will generate income to pay the premium needed. Some would rather pay a large one time premium and choose to purchase annuity or a life insurance policy with long term care benefits to meet their needs. If they never access their benefits than their heirs will inherit a death benefit.
- 3) Fully insure. Many people will choose to provide substantial coverage for themselves. Often people who have a strong desire to leave assets to loved ones will look to have larger coverage amounts as a way to protect their financial legacy for their heirs.

Careful examination of your facts and circumstances would include a review of the potential risk from long term care needs. Most people pay for fire insurance on their home long after they have paid off their mortgages. Even though you are 850 times more likely to have long term care expenses than having your home burn down.

We can help you. Email me your financial planning, investment planning or long term care questions at lweiss@nextfinancial.com or call me 415-794-4360.

Larry Weiss, CFP®, CPA
2030 Harrison St. 3rd floor
San Francisco, California 94110
415-794-4360

CA Insurance License #0784716
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