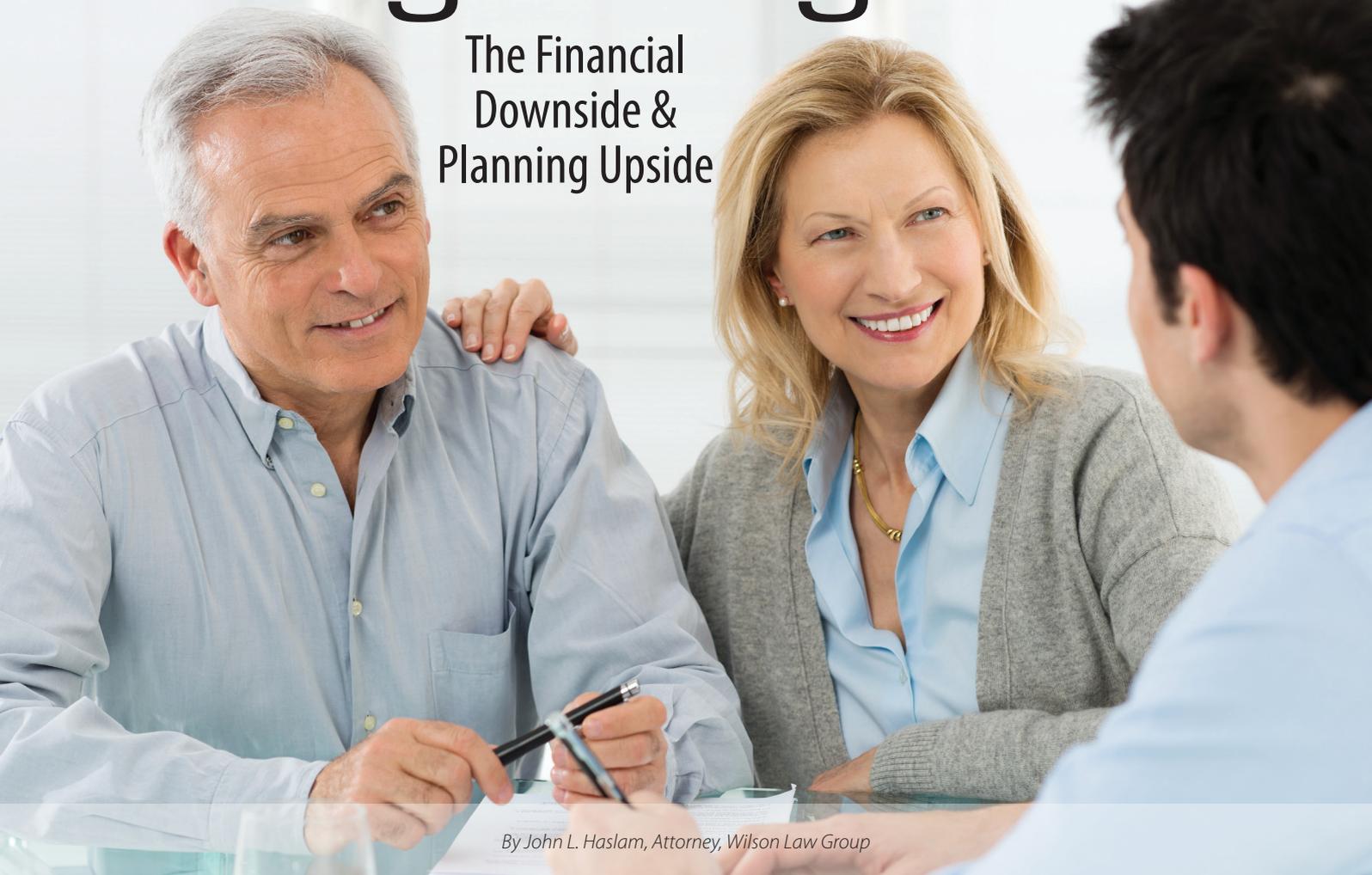


Living Longer:

The Financial Downside & Planning Upside



By John L. Haslam, Attorney, Wilson Law Group

Through the wonders of modern medicine, we are living longer than ever. A recent *Money Magazine* article stated that a couple aged 65 today has a better than 4-in-10 chance that one or both partners will live to 95. That will increase to a 5-in-10 chance through the next 15 years.

Our longer lifespan will create an increased chance of needing long-term care due to slow, degenerative diseases that normally only occur in old age. A study conducted by the Global Burden of Disease (GBD) showed that, between 1990 and 2010, deaths related to Parkinson's disease doubled and deaths related to Alzheimer's disease tripled. Not only will this longevity generate the need for money and resources to enjoy this active lifestyle for a longer retirement period, but also it will generate an increasing need for resources to support our long-term care when our active years end.

CONSIDER:

- People are living longer lives, which mean that a much larger segment of our elderly population will encounter a period of incapacity at some point before dying.
- Adult children, who in decades past lived nearby and rallied to care for an aging parent, are now scattered all over the country (and the world) and are not able to provide needed support services.
- Many people nearing retirement age are not financially prepared for retirement, let alone long-term care needs.
- The average monthly cost of a nursing home stay in Wisconsin is approximately \$7,500, and climbing.

Unfortunately, most of us insist that we will not need long-term care, so we avoid planning for it. By not planning, our retirement and legacy nest egg will be exposed to these costs. Furthermore, whether we need long-term care may be beyond our power to control. In order to protect our assets for our future use and for the use of our heirs after we die, it will be necessary to take action sooner rather than later.

PLANNING OPTIONS INCLUDE:

A) LONG-TERM CARE INSURANCE

Long-term care insurance is an increasingly flexible tool that can provide needed coverage in a skilled nursing facility, assisted living facility, and care at home. However, this is not only expensive, but it can also be very difficult to get depending on family health history. Thankfully, the insurance industry is responding to this changing landscape. For example, there are now life insurance policies and annuity contracts that will allow the use of the death benefit during lifetime to pay for long-term care costs.

B) PROACTIVE LONG-TERM CARE PLANNING THROUGH ESTATE PLANNING

Proactive planning refers to planning before long-term care is needed. For those who are not eligible for long-term care insurance, an irrevocable trust to hold assets is a flexible and valuable option. This trust will protect assets from nursing home costs

after a period of five years while still allowing the original owner to control the assets and retain all the income tax benefits of individual ownership. In this way, assets can be preserved for the benefit of the individual owner as well as for future generations.

C) PLANNING FOR FUTURE GENERATIONS

If a married couple of the Baby Boomer generation has a 50% chance of having at least one spouse live to 95, imagine how long Generation X and Millennials could live! Therefore, the need for long-term care services will not disappear with the Baby Boomers. Generation X and Millennials will need to plan for themselves, but it is possible to protect the money they inherit from Baby Boomers from these expenses (believe it or not). An inheritance can pass to children or grandchildren in such a way so they not only control the assets and have access to them, but they are protected if they (or their spouses) enter a nursing home in the future.

Embrace longevity and all its benefits. Likewise, embrace the need to plan for longevity... your legacy depends on it. ▀



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