



Financial Stability for Future Care

by Al Waldrop

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Why is financial planning so important?

Financial Planning, and particularly one's Retirement and Estate plan, is not to be taken lightly!

For years most of my clients, because they could or were working, have been in control of their earnings. As a result, watching their spending and living on a budget was not a priority. The goal of financial independence is certainly what we all aspire to. However, many folks are not prepared for the emotional and sometimes irrevocable decisions and choices retirement brings.

I have watched as many clients experience anxiety since they are no longer working and earning a paycheck. Suddenly, they are dependent on financial markets and their own nest egg to meet all of their financial needs and goals.

Major life questions arise such as:

- "How are we going to spend our time?"
- "Where do we plan to live?"
- "Will I have enough money, and what impact could a health change have on my plans?"
- "Should we sell our beloved family home?"
- "I would like to give my money away now (to family, charities, etc.) while I can see it being enjoyed and put to good use, but is that something I can afford?"



The list goes on and on, and every client is different, so working with a conscientious planner who will listen and ask the right questions will help to eliminate any surprises, prepare the client for this next life stage, and set them up for success.

What are the components of a strong long-term financial plan?

The first step, and one that would seem quite obvious but is usually not a “known”, is how much money the client currently spending and how much will they need to sustain their quality of life of which they are accustomed to.



Once a budget is agreed upon,

addressing and making sure some common risks to financial security are addressed.

Some examples are:

- Unreimbursed health care costs
- Outliving your money
- Market risk (having a well-diversified portfolio)
- Purchasing power risk (making sure your money is keeping pace and hopefully exceeding inflation)
- Being mindful of unnecessary fees and costs
- Having updated legal documents
- Having a plan for the day you or your spouse may need additional care

What are some of the best ways that older adults can preserve their wealth?

Wow, where do I start? I'll just list some options:

- Make sure you have enough guaranteed, lifetime income built into your retirement plan to cover your basic living expenses.
- Understand Social Security and consult with a professional on the best time to file and begin taking income.
- Work longer. Not only can you delay tapping into your personal resources, but staying actively engaged in a vocation that motivates you can provide some real psychological benefits as well.
- Have a plan to pay for long-term care costs. Some people may have enough wealth to ensure that risk themselves, but the financial toll a 4-5 year stay in a nursing home can take is huge. A concern about long-term health care is probably the #1 concern my clients have, and it's vital to plan ahead.



Planning ahead for the potential of requiring care, whether at home or at a facility, is a critical decision. Making a plan, and selecting a quality healthcare provider before you need it, is smart and a very caring thing to do for your loved ones and yourself.

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