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Planning for Longevity

For many, retirement is a chance at a new life of self-fulfillment and active leisure. As the average life span increases, however, new financial challenges emerge. The MIT AgeLab works with financial planners and others to advise older adults how best to plan for the golden years. Planners need to focus on laying the groundwork for a financial cushion and life's unexpected events.

Financial planners should make sure their advice meets the following criteria:

- **Realistic** – A financial plan should account for housing, transportation, caregiver salaries, etc.
- **Relevant** – It should spark conversations and plan for what is important in the person's unique situation.
- **Responsive** – Should include discussing their plan with family and planner. Make clear to all parties the strategy in place to navigate these years, including how Social Security, Medicare and long term care may factor into the picture.

Historically, an Investment Advisor gives current advice to clients of all ages. A Financial Planner is an Investment Advisor that focuses on clients' accumulating assets, not outliving their income, and then passing assets along to their beneficiaries by will or trust.

The Planner looks at the big picture and tries to develop a comprehensive financial plan to guide clients through life's journey. Some Planners allow you to continue working with your current investment advisor while building your personal plan for a fee.

That journey may include staying in your home or a retirement center, assisted living, an Alzheimer's facility, and a skilled nursing center. What's your plan for the journey? I'm sure you thought about it, but haven't done anything yet.

Meanwhile, the MIT AgeLab says financial planners should give more guidance, both verbally and in writing, toward more complex topics frequently referred to as longevity retirement planning.

With Alzheimer's disease and dementia on the rise, and baby boomers rapidly approaching old age, individuals and families need to rethink retirement planning. Financial planners should be ready with workable strategies.

Are you ready to enjoy your older years to the fullest, knowing you and your family are secure financially? The MIT AgeLab has developed three questions that may predict your future quality of life.

- Who will change the light bulbs? This sounds simple enough, but if your father is 85, do you want him on a ladder changing light bulbs? How about your mom who's living alone when a water pipe breaks? What is your plan for their, or your, home maintenance?
- How will you get an ice cream cone? Do you have adequate transportation to go where you want when you want? Or are you forced to rely on friends to take you?

- Who will you lunch with? Lunch is more than a meal; it's an occasion to see people on a regular basis. It helps reinforce a healthy and active lifestyle. Today, more than 40% of women over 65 live in isolation in the U.S. This is debilitating and can lead to depression.

There are a million other questions that can be asked. I certainly don't have all the answers, but it's up to you to start thinking and acting, because it's your family's future style of life at risk.

I've heard plenty of times that your friends and family will be your caregivers. Have you ever been a caregiver? Do you want to volunteer to do it again? This task requires a very special, qualified person.

Effective financial planning must be more than guaranteed lifetime income, or even worse, just a listing of your stocks and bonds and the investment advisor's recommendations to buy/sell. The new face of retirement planning goes further, adopting an integrated approach to prepare people to live life longer and to live it well. Raymond James and I stand by the firm's motto of "Life Well Planned."

This written lifetime plan comprises many pages and is monitored and altered when needed. I design for clients a financial plan that mixes the three MIT AgeLab questions to arrive at a longevity financial plan. At Raymond James, we call it Goal, Planning, and Monitoring.

Only with your Longevity Financial Plan in place are the investments then considered, in order to provide the confidence that the plan will work. Ensure that your plan takes what really matters into account, and live life to the fullest.

Partner with a planner who takes you through the day-to-day necessities for personal happiness. If you have a plan, review it, or I'll be glad to review it for completeness. A second opinion may be helpful considering how complicated all this is.

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