News For Older Americans

Four Ideas For Health Care Planning In Retirement

(NAPSA)—The Employee Benefit Research Institute estimates that a typical 65-year-old couple will spend a total of $265,000 in health care costs over the remainder of their lives. This staggering amount of money has the potential to derail even the best-laid retirement plans.

Vanguard and Mercer recently developed a new framework, "Planning for Health Care Costs in Retirement," that identifies practical tips for forecasting your health care expenses. Here are four top ideas:

1. Personalize health care costs. Start by understanding how your health history and current health status will influence expenses. Even your geographic location, marital status and age at retirement will impact your forecasts.

2. Plan for long-term care. This is a tough one to assess because half of retirees won't even incur these costs, but on the other end of the spectrum, 15 percent of retirees will spend more than $250,000. Consider potential long-term care options, such as unpaid care from family and less-expensive available facilities.

3. Create a hedge in your budget for other expenses. Research shows that retirement spending in virtually all categories other than health care tends to decline with age. By forecasting steady spending in other expense areas, you may create a buffer in your budget to deal with rising health care expenses.

4. Forecast costs in annual spending. There are so many variables involved in estimating health care costs in retirement that trying to plan around a total lifetime budget can be overwhelming. Experts recommend that you focus on annual spending plans instead, provided that you understand costs will rise as you age.

You may be able to ensure better health for yourself and your family by selling your life insurance policy.

For seniors who are struggling to find cash in their retirement budgets to offset unexpected health care expenses, it may be a good idea to take stock right now of all your assets. Many seniors are surprised to learn that one potential asset for generating immediate cash is a life insurance policy.

You should review your life insurance policy from time to time and determine whether or not it's still needed. A life insurance policy is considered your personal property, so you have the right to sell it anytime you like. When a consumer sells a policy—something called a "life settlement" transaction—the policy owner receives a cash payment and the purchaser of the policy assumes all future premium payments, then receives the death benefit upon the death of the insured. Candidates for life settlements are typically aged 70 years or older, with a life insurance policy that has a death benefit of at least $100,000.

If you own a life insurance policy you no longer need or can afford, you may be able to generate immediate cash to pay your health care expenses by selling that policy for immediate cash.

To learn more about life settlements, visit www.LISA.org or call the LISA office today at 888-921-3793.