

## FORWARD PLANNING

by John B. Linvill, Jr., CSA ~ Updated April, 2008

Planning is a tricky exercise. If we only look out 5-10 years we are only seeing part of the picture.

Consider a 50 or 55 year old planning for retirement. Spread sheets are created showing financial resources building to levels that will allow adequate cash flows in retirement. Has the planner and the client really focused on life expectancy trends? Please refer to my *Life Expectancy* article.

At retirement time, many people may still not appreciate the number of years they may live. In fact, retirement may be as long as one's working career. After all, when will we die? Planning around the unknown is challenging.

As seniors advance in age they often tend to take an even shorter planning view because they are concerned about tomorrow, next year and the next 2-3 years. This thinking perspective can be rather limiting simply because they are not seeing the big picture.

All financial and life planning must incorporate a significant forward planning point of view. People are concerned about outliving their financial resources.

As we look at the possibility of needing future assistance due to aging, chronic diseases and/or mental challenges, we have to look way forward.

Long term care planning is an excellent example of forward planning around potential life needs. In order to properly fund very large care expenses through a long term care insurance policy, we must start planning early. It is really that simple. The longer we wait the more expensive the coverage. If we delay we may not be able to get the coverage due to a medical issue (please refer to my *Cost of Waiting* article). Start early, years before the anticipated age range when we may think we will need assistance.

Benefit checks for care received many years from now could be very large – as much as \$20,000 to \$35,000 per month. The insurance companies need to fund these potential claims by receiving premium dollars over many, many years.

Anything worth doing is worth planning early.

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