

# Advisers: Ask Your Clients How They Take Care of Their Health

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Do you have clients who worry about beating the index? Probably. But do you know what the top concern is for most clients? Health care.

A recent [survey by Merrill Lynch and Age Wave](#) found that health care expenses are people's foremost financial concern in retirement. Put another way, the number one potential threat in retirement is unpredictable health care costs.

When you take a look at the numbers, it's not surprising why many pre-retirees and retirees are fretting. According to the latest retiree health care cost estimate from Fidelity Benefits Consulting, a 65-year-old couple retiring in 2014 would have needed an average of [\\$220,000 to pay for medical expenses](#) during retirement.

But are you average? Are your clients average?

Meanwhile, the Employee Benefit Research Institute (EBRI) noted that [in 2014](#), "a man would need \$64,000 in savings and a woman would need \$83,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health care expenses in retirement. If

either instead wanted a 90 percent chance of having enough savings, \$116,000 would be needed for a man and \$131,000 would be needed for a woman.”

The cost of health care in retirement also hinges on how much a retiree will need to spend on medication. The EBRI says a married couple both with drug expenses at the 90th percentile throughout retirement, who wanted a 90-percent chance of having enough saved for health care costs in retirement by age 65, [needed to have saved \\$326,000 in 2014](#). (See also: “[Advisers Help Clients Brace for Health Care Surprises in Retirement](#)” and “[Wrangling Clients’ Health Care Costs in Retirement](#).”)

No matter which way you slice it, financial advisers cannot afford not to talk to clients about health care in retirement.

[Carolyn McClanahan, MD](#), founder of Life Planning Partners, told delegates at the [CFA Institute Institute Wealth Management Conference](#) that it is imperative that advisers include health care planning in discussions with clients.

But most advisers are numbers guys (or gals), so how to ask about health?

Here are McClanahan’s suggestions for obtaining a brief health history from clients, especially if you are doing insurance planning:

- Use a phrase like this as an opener: “**Tell me what you do to take care of your health.**” This sets the stage.
- Then **fill in the details** by asking questions such as: “Have you seen a doctor in the last two years?” (This catches people with chronic medical problems such as high blood pressure and diabetes); “Have you ever spent a night in hospital?” (Other than childbirth, the only reason someone spends a night in hospital is because something bad has happened); “What medications have you ever had to take regularly, other than antibiotics?” (This catches things like depression, which is, McClanahan said, “an insurability killer, especially for disability insurance, not so much for life insurance anymore.”) She stressed that it is easier to fix insurability issues up front, before applying, than to have a client be denied insurance.

- **Stress that confidentiality is key.** Just like financial information, medical information has to be very private. (But note that advisers are not subject to [HIPAA Privacy Rule](#) as they are not creating medical records and are not medical providers, McClanahan said, so that's not something to worry about.)
- **Be open and show empathy,** as it's a tough subject for many people. Consider sharing some of your health stories.
- **Let go of judgment.** "We are all human and things happen," McClanahan said, "and we don't ask to be addicted to tobacco or ask to become obese or drug addicts, and the financial adviser's job is not to make judgments of it, but to help the client deal with the outcomes."

As McClanahan likes to say: **Better discussion = better preparation.**

It's key to bear in mind that there is a link between health and wealth, or between health and prosperity: Unhealthy habits such as tobacco use, excessive drinking, and not exercising have implications not just for insurance premiums, but also for well-being. It's important to have a candid conversation with your clients.

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