

Guiding Wealthy Retirees on Health Expenses

By **PAUL SULLIVAN**

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Death and disease don't discriminate, and that has many high-net-worth retirees worried. They realize fate could determine the quality of their retirement more than their lifetime of planning.

"They have command and control over other aspects of their life, but this is the unknown," said Bill Hunter, director of retirement strategy for Bank of America Merrill Lynch. "It's the who, what and when. Who will be afflicted? Will it be acute or chronic? Then the when: early in their retirement or in their later years?"

Enter big brokerage firms with services not typically associated with wealth management. Merrill Lynch, UBS, Morgan Stanley and Wells Fargo are either offering to connect wealthy clients with providers that offer specialized health care, or training advisers to deal with such worries about health and aging among clients.

They seem to be tapping a ripe market. According to research by Merrill Lynch and Age Wave, a consulting firm on aging, high-net-worth retirees reported more concern over retirement health care costs than the general population. This group was also much more likely to have estimated or tried to estimate costs for health care and long-term care in retirement.

While the research found that high-net-worth retirees are generally comfortable with the financial advice they have received, they are concerned about getting good advice on health issues, especially on finding the best doctors and understanding Medicare and supplemental insurance.

A survey from PNC Financial Services in April found that 78 percent of people with more than \$1 million in assets were concerned that health care costs would be expensive in retirement. And in a separate survey last year, a third of those people with more than \$1 million worried that health costs would consume a major part of their assets. Two years ago, in the same PNC survey, fewer than a quarter of respondents expressed such concern.

“My main concern is getting the right doctor at the right time,” said Alden Leib, 77, a retired periodontist who splits his time between affluent towns, Bloomfield Hills, Mich., and Palm Beach, Fla.

A doctor friend “recommended I take Celebrex for my sciatica and wrote me a script,” Dr. Leib said. “A week’s supply was \$650. I was amazed. I went online and found I could get a deal at Costco.”

The PNC survey found that more than a third of millionaires were worried about drug costs. In the same survey, 75 percent were concerned about out-of-pocket costs and half about insurance premiums.

Michael Narvid, a corporate lawyer in Sherman Oaks, Calif., who at 66 has started to contemplate retirement, says he believes he is in good health, but worries about expenses as health care and insurance undergo major changes.

“My doctor’s not charging up front, but I have to pay for his services and office time,” Mr. Narvid said. “He was my father’s doctor. He knows our family. I may switch, but there’s a loyalty factor.”

Such concerns — staying with a doctor who knows the patient well or finding a new one with the same level of knowledge — are driving big firms to offer perks.

UBS has teamed with PinnacleCare, which helps people with medical decisions and can act as a liaison with doctors, as well as WorldClinic, which provides actual doctors and medical care to people wherever they are.

Merrill Lynch has teamed with the University of Southern California’s Davis School of Gerontology to create a program to help Merrill advisers better understand what their clients go through as they age.

(On a more optimistic note, the firm also has a partnership with Virtuoso, a network of luxury travel advisers.)

And Wells Fargo has a unit called life management services to handle all financial aspects of a person’s health. The cost starts three-quarters of a percent on top of the asset management fee of 1.25 percent and goes down with assets.

“This is for clients who want support in maintaining their independence,” said Anne Tinyo, national manager of the program. “We act as the advocate. If someone wants to move to an assisted living facility, we’ll call the moving company and arrange it, but we might be taking the client out to lunch while everything is happening behind the scenes.”

Morgan Stanley prefers to make referrals to services rather than get involved directly in the process. “Our primary charge is it to help you manage your wealth,” said Ed O’Connor, managing director of retirement solutions at Morgan Stanley Wealth Management. “A big

concern is health care. But when you get more specific to address things, we outsource to a service that provides you with advice and advocacy. That's not our expertise."

That so many large firms are focused on something beyond stocks and bonds reflects the importance their clients place on health.

"The single most important ingredient for a happy retirement is not money, but health," said Ken Dychtwald, president of Age Wave. "It soars off the page."

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