Investment Coach: Healthcare is Wealthcare

By Lewis Walker
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Economic historians note that the 1929 market crash and ensuing Great Depression altered the way that people thought about investing and spending for decades afterwards. There is evidence that the recent Great Recession also altered attitudes, especially about retirement.

Since the mid-1970s, Dr. Ken Dychtwald has been hailed as a visionary regarding the lifestyle, marketing, healthcare, and workforce implications of the age wave. In 1986, Dr. Dychtwald founded Age Wave, a firm that guides Fortune 500 companies and government groups in product/service development for boomers and mature adults.

In the second quarter of 2011, SunAmerica teamed up with Age Wave and Harris Interactive in a study to find out how attitudes toward retirement may have shifted post-recession. The findings are instructive.

The recession made people angry, caused increased worry over their financial situation, and damaged their sense of security. However, a rebound is underway. To quote from the report, "Emerging from the recession, Americans are beginning to define retirement differently than previous generations of retirees. They now see it as a time for new priorities, new opportunities, and new solutions to today's challenges."

Less people now view retirement as a "winding down," or as "a simple continuation of what was." Fifty-four percent of those surveyed see retirement as a whole new chapter of life—"an opportunity for personal reinvention." Only 38 percent had that view a decade ago when a similar survey was undertaken.

That brings up an interesting thought. Looking at where you are now and the possibilities before you as you contemplate New Year's resolutions, consider this question: Will your money run your life, or will your life run your money?

There are two intertwined factors that influence retirement choices—money and health. In recent seminars that we conducted on Medicare planning, we pointed out that health care costs are higher than many people believe they will be. Retirees generally spend 35 percent of their income on health care. Whether you are 10 or more years away from your retirement re-invention or you are on the doorstep, or well into your retirement journey, understanding potential health care costs is Step One in the planning process.

A number of years ago, The Investment Coach teamed up with Dr. Katy Votava of www.goodcare.com to raise awareness among financial advisors as to health care costs in a series of presentations entitled Healthcare Is Wealthcare. With the leading edge of the baby boomer tsunami washing up on the beach of financial reality and registering for Medicare, "healthcare and wealthcare" is a hot topic.

If you are going to reinvent yourself, you need to be healthy. If you do not have enough money and need to work a few more years beyond your original target date, you had best be healthy. Those who are retired and who experience various levels of aches and pain know that serious health deterioration is not a day at the beach.

Some advisors are urging clients to take a health assessment. Teaming up with health experts, analysis is available that allows one to see which lifestyle behaviors are working in their favor, and to spot where changes can be made.

Much has been made of "the number"—what you need financially to float your retirement boat. What about the other numbers—blood pressure, cholesterol, glucose, body mass index? You may find that there are things that need to be addressed, conditions that may worsen as you age, when you may not be able to afford the costs. Weight loss, stress management, or cessation of smoking or excessive alcohol consumption may seem like medical matters, but they may do more for your retirement budget than a smokin' stock market!

In future columns we'll have more to say about the Retirement Re-Set Study. Resetting your health goals could be a great start on re-inventing yourself in 2012!

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