

How will you celebrate your 100th birthday?

Centenarians make up the fastest growing demographic group in America. Between 50,000 and 75,000 people have already passed the century mark. By 2050, it is estimated, America will have more than 834,000 men and women who have passed the one hundred year mark.¹

Will you be one of them? As a doctor, you know all too well that we're pushing back the whole idea of old age. Most of us expect to live into our 70s...maybe our 80s. Now, it's becoming more and more reasonable to see 90 or even 100...and to be in pretty good health for most of that time.

If so, what will your life be like? Imagine retiring at age 65, with the opportunity to live another 35 years. To illustrate the futility of even trying, think *back* 35 years, to 1966. Could you have predicted where you would be today? Probably not. The world has changed dramatically since then.

While we can't predict the future, we can prepare for it. Here are two things you can do to get ready for a long retirement:

1. Take care of your body and maintain a healthy lifestyle as you get older. You know the drill: Don't smoke, maintain a reasonable body weight and get exercise.

2. Build up your retirement nest egg so you can live without financial

worry in your senior years. This is an issue that most people have not addressed, and the result can be delayed retirement, semi-retirement or, as health deteriorates in later years, destitution.

The numbers speak for themselves. At the close of the 20th Century, the typical American family had a net worth of just \$71,600, including equity in their home, according to government statistics.² That's hardly enough to provide a cushy retirement.

How much will you need?

There are many factors to consider. Most of all, you probably want to do more than sit on the front porch in your retirement. Perhaps you plan to travel, enjoy new hobbies, buy the things you want. That takes money.

For the sake of discussion, let's say that you have accumulated \$500,000 by retirement. How long it will last depends on how much your nest egg earns and how much you withdraw each year. For example, if the principal earns 4% average rate of return (which, historically, has been the average, after inflation return on conservative investments), and you withdraw \$4,000 a month (\$48,000 a year), your money will last 162 months, or just 13.5 years. (Note: This illustration is hypothetical and is not



indicative of any particular investment or performance.)

These numbers show two points: First, \$48,000 a year isn't a large sum by today's standards. Second, even at that rate of withdrawal, half a million dollars will be used up in a few short years.

Recommendation: Plan for a long retirement by mapping out a workable strategy to accumulate funds. Then begin setting money aside to assure that your retirement will be a financially comfortable one...no matter how long you live. ■

¹ Source: National Council on the Aging 2000 Fact Sheet. (Web site: www.ncoa.org/news/mra_2000/factsheet.html)

² Source: *Consumer Reports* (January 2001)



**“So, doc,
when can
I go back
to work?”**



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An investment in peace of mind... Dollars & sense about disability insurance

“So, doc, when can I go back to work?”

As a physician, you've probably heard that question countless times from patients who seem more concerned about returning to the job than about the fact that they had a near-death experience. That look is often more about fear of bills than fear of dying.

What if it happened to you? What would you do if you ended up flat on your back because of a serious illness or accident? Would you be more concerned about your health or your financial obligations?

This is why disability income insurance came about...so that, if you are laid up, your bills can be paid and your family's security protected.

Still, some folks may think the cost is too high...that premiums paid for disability income insurance could be better spent elsewhere. That's one way of looking at it. Here's another.

Dollars and sense about the cost of disability insurance:³ Let's say you are 35 years old and purchase \$8,000 of monthly disability benefit, payable to age 65, with an annual premium of \$1,500 a year. Does the premium sound high? Maybe, unless you become disabled.

If that happens and all qualifying conditions are met under the terms of the policy, you will be eligible to receive as much as \$8,000 a month, or \$96,000 a year, for up to 30 years. That's a total benefit of as much as \$2.88 million.

Bonus: Under some circumstances, your benefit will be income tax-free.

When you look at it this way, the cost of disability income insurance is a real deal! Also, think of it as insurance that

protects your income-earning ability and that buys you peace of mind. If you insure your car and your home, you should certainly consider insuring your ability to earn a living.

Of course, you probably don't plan to become disabled. Nobody does. Once again, the statistics speak for themselves.

Probability of experiencing at least one long-term disability (lasting 90 days or longer) prior to age 65⁴

AGE	PROBABILITY OF DISABILITY
30	46.7 %
35	45.1 %
40	43.0 %
45	40.1 %
50	36.0 %

Most people are surprised when they see the chart for the first time. Of course, there are a number of factors to consider. However, overall, if you are 35, there is a 45.1% probability that you will experience at least one long-term disability (lasting 90 days or longer) before you reach age 65.

If you become disabled, it could last about 90 days, in which case you could probably handle the financial losses. However, statistics also show that, if you are disabled for 90 days, there is nearly a 70% probability that you will still be disabled after two years.⁵

The bottom line: A quality disability income insurance policy is an investment in your family's long-term financial security, as well as your own peace of mind. ■

³ The numbers provided are for illustration purposes only and not based on an actual policy.

⁴ Figures based on Commissioners Disability Table.

(Field Guide to Estate Planning, Business Planning, & Employee Benefits 2000)

⁵ Ibid.

The “Procrastination Factor”

Why we’d rather avoid estate planning

“I’m real busy now.
Can it wait?”

“Was that tonight we
were going to talk?”

“Lighten up;
quit pressuring me!”



Many people would just as soon change the topic when “death and dying” come up. Admittedly, the subject does not make lively party conversation. Still, planning for an orderly estate transfer – whether you are 25 or 75 years of age – is a responsibility too important to put off.

If the topic stops you cold, you’re not alone. It is estimated that more than 50% of all people die without wills. The simple explanation is that we are uncomfortable with the idea of facing our own demise. However, there’s more to it than that.

Let’s call it the “Procrastination Factor.” According to Robert Kastenbaum, Professor Emeritus with Arizona State University, and one of the first psychologists to study the phenomenon of death and dying, most people don’t mean to procrastinate.

“They simply aren’t aware. They don’t see the urgency. Others have doubts and anxieties, but it isn’t always a matter of fear.” Among the reasons many of us procrastinate when it comes to estate planning:

• **General avoidance.** “Many people simply avoid thinking about unpleasant change in their lives,” Dr. Kastenbaum explained in an exclusive interview. “Some are methodical and very businesslike. Others simply tend to put things off. They do it with most things in their lives.”

• **Difficulty believing in change.** “Most of us have difficulty imagining life other than the way it is now,” Kastenbaum explained. “We have difficulty seeing our parents as ever having been young. We can’t imagine ourselves as ever becoming old. We know it will happen, but we really don’t believe it.”

• **The process is emotionally challenging.** Whether completing a will, buying life insurance or setting up trusts, factors other than finances come into play. “Creating a will, for example, can be very stressful,” said Kastenbaum. “It can bring up questions of unresolved family conflicts, loyalty, deciding who gets what...who do I love most?”

• **Other family members can discourage planning.** “Even when a person comes to terms with these issues himself,” said Kastenbaum, “it may be upsetting to others.” If you have ever tried discussing distribution of family heirlooms with adult children, you know how emotion-charged the situation can become. Many people find it easier to avoid. Perhaps you’ve even been the one to say: “Oh Grandma, let’s not discuss it. You’re going to outlive all of us.”

• **The process can be complicated and unpleasant.** Estate planning can involve a series of decisions. “There are living wills and other issues that force us to make decisions we would just as soon not address,” explained Kastenbaum. Plus, there can be many confusing details to address. “Many people feel a loss of control as they surrender themselves to experts who tell them what they need to do.”

• **Fear of death.** For some people, acknowledging their own mortality can be like, at our most primitive level, inviting death in the door...a jinx. Concluded Kastenbaum: “It can be like saying, ‘I’m about ready to die. As long as I don’t think about it, it won’t happen.’”

Our dilemma: Regardless of our reasons, we cannot afford the luxury of procrastination...for the sake of our loved ones. Horror stories abound about the outcome of failing to plan. It happens all too often that assets end up unnecessarily being paid in estate taxes, leaving widows and children with major lifestyle losses. Or, because there is no will, the state determines who gets what, without regard for anyone’s wishes. This can destroy families.

What should you do? The most important thing is to overcome feelings of avoidance, no matter what their source. Steps to take:

• **Complete or update your will.** Do it immediately.

• **Make sure you have enough life insurance.**

• **Review all beneficiary designations** for life insurance and pension.

Most of all, address the need to plan. It is common to want to procrastinate. However, estate planning is one of those things we do because we have a spouse, children or other loved ones. Do it for them. If you haven’t already done so, meet with your attorney to discuss your needs and situation as soon as possible. ■

Your FINANCIAL HEALTH

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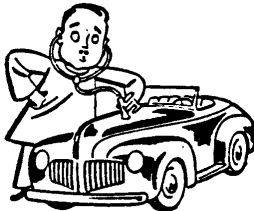
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FINANCIAL FOOTNOTES...

Should you rely on Social Security if you become disabled? Probably not. Qualifying requirements are strict. For instance, you must be unable to do ANY form of gainful work for at least one year. Perhaps that's why 50% of Social Security claims are rejected. (Source: *Bottom Line Personal*, February 15, 2000.)

Did you know that about 10% of new cars are lemons, according to *Bottom Line Personal* (February 15, 2000)? The



percentage of used car lemons is even worse, since owners are more likely to dump problem vehicles back on the market. What to do: (1) Research to find out which cars are known for problems; (2) have your choice inspected by an independent mechanic before you buy.

Inflation can nibble away at your retirement security. In general, prices have increased more than 500 percent since 1960. According to the Consumer Price Index, an item that cost \$29 in 1960 cost \$170 by the end of the century. The point: When planning for retirement, don't

estimate the minimum amount you will need to get by. Factor in inflation.

Curious about average debt loads? According to the latest government statistics, the "average" American owes \$63,939 on a mortgage and \$7,564 on credit cards. (Source: *Consumer Reports*, January 2001).

Your FINANCIAL HEALTH

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