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## The Gift of Life

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January 16, 2019

**GLOBAL LIFE** expectancy for almost every nation will rise during the next two decades, with Spain overtaking Japan as the country with the longest life expectancy. Meanwhile, on the list of 195 countries, the U.S. will fall 20 places, from 43rd to 64th. The average U.S. lifespan as of birth is still projected to increase slightly, from 78.7 years to 79.8, but at a slower rate than the rest of the world.

That isn't great news for the U.S.—but it isn't necessarily bad news for you, for two reasons. First, the longer you live, the longer you can expect to live. As you plan for retirement, you should focus not on life expectancy as of birth, but on life expectancy as of, say, age 65. According to the Social Security Administration, a 65-year-old man in the U.S. can now expect to live until age 84, on average, while a 65-year-old woman is looking at age 87.

Second, life expectancy statistics are based on averages with a great deal of variability—and, for you, they could prove to be misleading guide. For instance, income is a strong predictor of life expectancy, as is gender: Women live longer at every income level than men. The implication: Those on the upper end of the wealth spectrum should not use simple averages in planning for their own retirement.

When we see news reports of people celebrating their 100th birthday, we often chalk it up to “good genes.” But research shows genes play a smaller role than most people think in determining longevity. More crucial is lifestyle. If you eat better, smoke less and exercise more than your parents did, there's a good chance you'll live longer.

According to the Stanford Center on Longevity, most individuals underestimate their personal longevity. A key reason: People base their planning on their grandparents' or parents' lifespans. But individual life expectancies have improved dramatically over the past century. Typical is my own family. Both sets of my grandparents passed away in their early to mid-70s and yet my parents are still alive at 80 and 82.

While you can't know with certainty how long you will live, it's important to be aware of the possible longevity for someone of your general age, education and health characteristics. Here are three good calculators to estimate longevity, ranked from fewest to most inputs:

1. Longevity Illustrator, a tool developed by the American Academy of Actuaries and the Society of Actuaries, is a simple online calculator that's designed to estimate longevity based on four inputs: birthdate, gender, smoking habits and general health. In addition to showing the probability of living to a certain age, the tool also provides a planning horizon—the numbers of years you can expect to live as an individual or as a couple.
2. Lifespan Calculator, from Northwestern Mutual, shows how lifestyle choices affect longevity. There are 13 questions. By varying the inputs, you can see the impact of each on your longevity. For example, the difference between the most and the least healthy diet is five years, and the difference between a nonsmoker and a two pack-a-day smoker is 10 years.
3. Living to 100 Life Expectancy Calculator was developed by Thomas Perls, the founder and director of the New England Centenarian Study, the world's largest study of centenarians and their families. There are 40 quick questions, including personal information (age, marital status, formal education), lifestyle (pollution, caffeine, smoking, alcohol), nutrition (weight, height, diet, exercise habits), health (cholesterol, blood pressure, diabetes) and family history.

Time is our most precious resource, and the statistics and current trends indicate we'll enjoy more of it than ever before. But it also means we need to prepare ourselves accordingly, including saving enough and pursuing strategies that ensure we won't outlive our money. In addition, we need to understand our financial options, including products like reverse mortgages and how they could fit into our retirement strategy.

Instead of planning for how long you estimate you'll live, consider financial solutions that work regardless of lifespan. Those solutions include delaying Social Security benefits, favoring employers that offer traditional pension plans and considering different types of income annuity.

True, annuities have a bad reputation. But partially annuitizing your assets can help you build an income floor for retirement, while providing protection against the financial risk you'll live a surprisingly long time, argues financial expert Wade Pfau. He also makes the case for delaying Social Security to get a larger monthly benefit, describing Social Security as the best annuity money can buy.