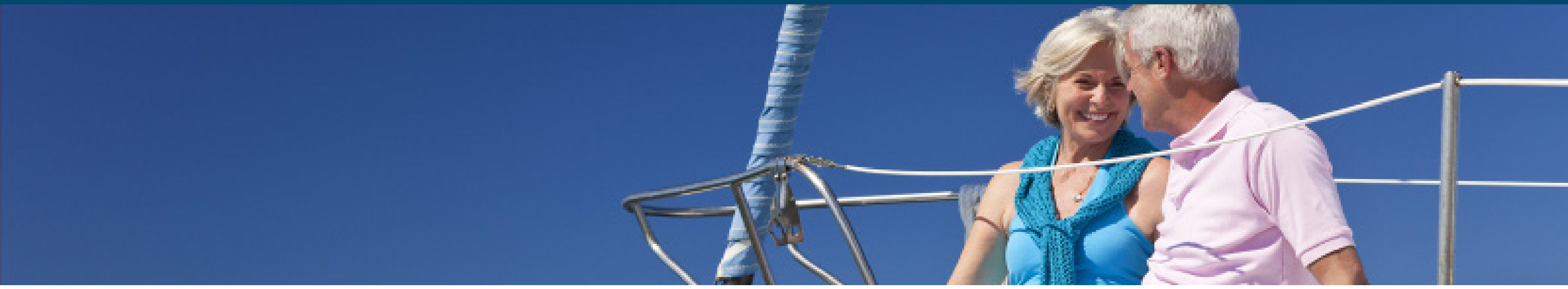

The Necessity of Long-Term Care in Retirement Planning

When helping their clients formulate plans for retirement, financial advisors must now account for life expectancies into the early 90s. However, the simultaneous need for long-term care planning isn't accounted for nearly as widely as it should be, considering the significant impact that long-term care expenses can have on even the best-laid retirement plans. Unless a person is prepared with a comprehensive financial plan that covers the very real possibility of chronic illness during retirement, their financial health is at risk. Consider the following:

- Approximately 1.2 million Americans will suffer a heart attack and of those, about 62% will survive the incident.[1]
- On average, someone has a stroke every 40 seconds in the United States alone. Strokes are a leading cause of serious, long-term disability in the U.S.[2]
- The five-year relative survival rate for all types of cancers combined is 66% in the United States.[3]

Recent advances in medical science are often taken for granted. Each day brings new treatments for illnesses once considered to be fatal. As a result, people are living increasingly longer. Given this, consider the following:

- By 2035, the population of Americans over the age of 70 will more than double to 57 million.
- The fastest growing segment of the US population is age 85 & over.

Chronic Illness Can Wreak Financial Havoc:

Examined together, these statistics indicate that when an individual is stricken with a critical illness, their chances of medical survival are great. But that same increased life expectancy also creates an increased potential of ongoing medical needs as a result. Prolonged survival arms the aging process with weapons in the form of chronic debilitating diseases such as dementia, chronic obstructive pulmonary disease, crippling arthritis, congestive heart failure and stroke. As life expectancies grow, so too does the need to fund healthcare over a greater length of time.

Failure to Establish Long-Term Care Plan Can Result in Professional Liability:

If a financial advisor has not discussed a plan of long-term care with their client *and* documented that discussion, the advisor's financial wellbeing may also be at risk. They face potential professional liability for:

- Failure to account for long-term care planning as part of an overall financial retirement plan; or
- Selling the wrong type of policy and amount of coverage, even where a plan is discussed;

For an attorney specializing in professional liability, the initial review of a case focuses on determining what, if any, responsibility a financial planner has to a client. They must then decide whether that responsibility was breached. If long-term care needs were not discussed as part of the overall retirement planning process and the individual ultimately needs care, the family could argue that the producer never discussed the financial consequences and inevitability of long-term care costs with the family. Even in situations where the client is wealthy with sufficient assets to pay for ongoing care, the family could ultimately question why the individual has to use their own funds at all when viable long-term care funding options were available at the time of retirement planning.

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How DBS Can Help:

Bottom line: Failure to discuss the monetary consequences of long-term care may subject financial planners to professional liability. There are many forms of long-term care and chronic illness products available on the market today to round out any type of retirement plan. To learn more about available options contact your dedicated DBS Case Design Analyst at 800-869-1327.

[1] *Know the Facts, Get the Stats, American Heart Association and the American Stroke Association, 2007.*
[2] *American Heart Association, Heart Disease & Stroke Statistics - 2009 Update At a Glance, 2009.*
[3] *American Cancer Society, Cancer Statistics, 2009.*
[4] *Reuters, "Medical bills underlie 60 percent of U.S. bankrupts: study," June 4, 2009.care,*