

Smart Money: Preparing for good health and success

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Brad Brain: "With medical advances plus better nutrition and health habits, there is a well-documented upward trend in longevity. It's one thing to live a long time, its another to make sure that your money lasts as long as you do." | Getty Images



As a financial planner, I talk about the chances of something bad happening all the time. I talk about the chances of dying prematurely. I talk about the chances of becoming disabled. I talk about the chances of being stricken with a critical illness.

There are two reasons why I talk about these things. The first reason is that the chances of these bad things happening are far greater than many people expect. For a 45-year-old non-smoker there is about a 6% chance of dying and about a 33% chance of disability before age 65.

The second reason that I talk about this stuff is that the financial consequences of these bad things can be catastrophic. If you die, what happens to your family? If you can't work, where is the money going to come from?

Protecting against the financial consequences of terrible things is an important topic, but the chances of successful outcomes are more likely. If there is a 6% chance of dying before 65, then that means that there is a 94% chance of living past 65. If there is a 33% chance of disability before, then there is a 67% chance of being relatively healthy into retirement.

The question is, are you prepared for good health? It's not a superficial question. There are implications to this.

How are your finances positioned to sustain a multi-decade retirement? With medical advances plus better nutrition and health habits, there is a well-documented upward trend in longevity. It's one thing to live a long time, its another to make sure that your money lasts as long as you do.

And don't forget that you will not be paying today's prices in the future. With inflation, everything will cost more. There will be a time when you look back at what things cost now as the "good old days." At current inflation rates, your money will need to grow by 43% over 20 years just to maintain your purchasing power.

Clearly, planning for the future makes sense. It is where you are going to be spending the rest of your life. But what is it that you are going to be doing for the rest of your life?

We all have things that we want to do. What are your Great Goals? Are you doing what you need to be doing now so you can be doing what you want to be doing later?

If you are not actively working toward your Great Goals, consider this: How agonizing would it be to have a healthy retirement that lasts for decades, but you can't afford any of the things you really want to do? Do you want to spend the last quarter of your life in perpetual boredom?

With proper planning you can be financially successful. But success is not free. Often the price of success is taxes. How are you going to pay your tax bill, not just while you are alive, but the sometimes-staggering tax bill that can be triggered when you inevitably pass away?

Financial success has additional implications. Have you considered how to be a good steward of wealth during your lifetime and creating a legacy of further good after it?

Protecting your finances from catastrophe is prudent. But many readers are going to live long, healthy and successful lives. The majority of Canadians are not prepared for this.

The future is going to arrive, whether you are ready for it or not. So what is it that you need to do today in order to prepare for good health and success?

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