



The Health Factor of Your Financial Plan

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This is the time of year when choosing next year's healthcare insurance takes center stage—especially so now, because of the uncertainty around the premium tax credits that millions of people rely on. There's a potential double-whammy if the credits expire; not only will people lose government assistance on their health insurance premiums, but the loss of the credits could cause health insurance premiums to rise dramatically—because a lot of healthy people who lose tax credits would opt out of the system. That would leave insurance companies covering a smaller, less healthy cost, raising their costs, which would be passed on to consumers in the form of higher premiums.

Your health status is also a factor in a number of other areas of your financial life.

For one thing, your current health helps you know how long your money will need to last. People who experience significant health issues at an early age can probably spend more during retirement and use up their nest egg faster than those retirees who are hale and hardy and have a chance of living past age 90. A nest egg that only has to last 20 years can afford to pay out more than one that has to last 35 or 40.

Your health status can also impact your Social Security claiming decision. Most of the articles we read say that the best approach is to wait until age 70, when the Social Security system pays out the maximum annual benefit. But according to an online breakeven calculator, a person claiming at age 70 would have to live past age 83 in order to receive more total benefits than a person claiming at age 67. For healthy people, that's a bet worth taking. It may not be for someone who has significant health issues.

The default financial planning assumption has been that people will live to the age on a standard life expectancy calculator, for instance, that a person aged 49 has a 50% chance of living past age 85. People who live a healthy lifestyle probably have a proportionately greater "risk" of outliving their life expectancy, while a chronically overweight smoker might be expected to contribute to the other side of the statistics.

There's an online calculator, livingto100.com, that asks health-related questions and then tells you how long you can expect to live based on more data than just the generic actuarial statistics. If you input healthy lifestyle information and a clean health record, the site might suggest that you financially prepare for living to age 100. Somebody who self-describes as an overweight, beer-guzzling junk food eater, who smokes a pack a day, will see a projected lifespan that might not even reach age 67.

And, of course, the lifestyle component is only part of it. People with chronic conditions like diabetes, or who have been diagnosed with cancer or have other significant health concerns, can throw the averages out the window. The point: your health and lifestyle can greatly affect the assumptions in your financial plan and should not be ignored.

Sources:

<https://www.forbes.com/sites/carolynmcclanahan/2013/04/16/why-should-we-care-about-healthcare-decisions/>

<https://smartasset.com/retirement/social-security-break-even-age>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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