

THE BEST OF THE REST OF YOUR LIFE

David Williams believes it is time longevity planning took its place in holistic personal advice.



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| DAVID WILLIAMS

The most important journey we have is the ‘rest of our life’. To make the best of it requires good planning. The best plans have a time frame. They also show when we expect important things to occur, why and what we will do about them. If things change, we can respond.

Ageing is a journey. It progresses just a day at a time but there can be sudden challenges. Without planning, we are prone to make hasty and inappropriate decisions.

Each of us is different and we tend to get more different over time. So, we need our own longevity plan to make the best of life and adapt as required. It underpins our other health, financial and estate plans.

TIME AND LONGEVITY

‘Time’ is the most commonly used noun in the English language. Most people understand and speak easily about time. It makes sense to plan using time concepts wherever possible.

However, when we come to discuss ‘our time’ – our lifespan – few of us are well informed. Most of us already know people are living longer but we don’t

know why and whether it applies to us. Ignorance can lead to fear, making us vulnerable to fear-based marketing, while media comments about old age, retirement, longevity risk and age discrimination all add to our anxiety.

Yet, we can address this ignorance by understanding more about longevity and applying this to create our own longevity plan. Easy ‘time’ conversations can enable us to share our thoughts with others.

WHY HAS COMMUNITY LONGEVITY INCREASED?

So, why are we living longer? Well, societies generally began to live longer over the last two centuries.

The industrial revolution enabled communities to develop and fund infrastructure (such as, sewers, fresh water, roads and bridges), broaden and deepen education, and promote specialist knowledge (as in medicine), evolve laws and standards, improve information sharing and so on.

As a result, lifespans in ‘developed’ countries, like Australia, have increased. Table 1 outlines four time periods.

| TABLE 1 : INCREASING LIFESPANS

BY WHEN	CHANGES IN WHAT WE LEARNT ABOUT	AVERAGE LIFESPAN
Pre 1800	Lots of small things	40
1900	Causes of infections, diseases. Start of public health improvements	60
2000	Antibiotics, diet, treatments for cancers, heart disease, strokes, etc.	80
2020	Understanding the brain and genetics and how to manage longevity	83

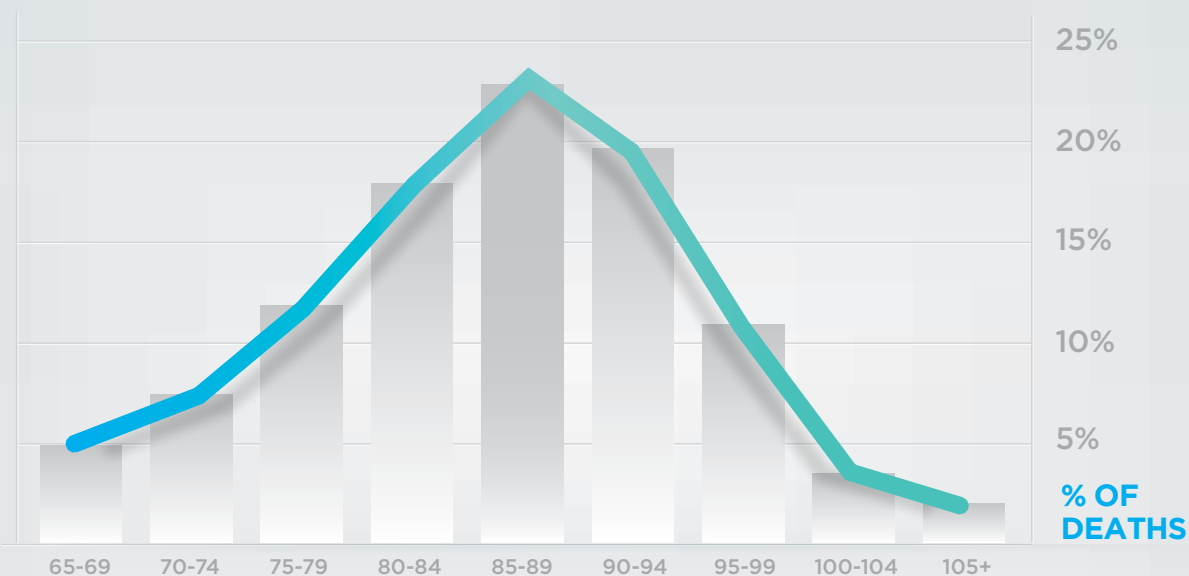


CHART 1: PERCENTAGE OF DEATHS

Not surprisingly, the consequences of an ageing society, such as increasing costs and other implications of this change, are far-reaching. As a community, we are inadequately prepared for a wide range of social issues affecting the funding of age pensions and superannuation, health and aged care services, and lifestyle for older Australians.

This makes it important for us to be as informed as possible about our own potential timeframe, allowing us to better understand the things we can do to make the most of it and to integrate this knowledge into our other planning decisions.

IS COMMUNITY LONGEVITY STILL INCREASING?

Life expectancy has increased on average by about two years per decade over the past 200 years and is currently about 83 years.

However, since 2000, life expectancies in Australia have declined for people in their late 80s and beyond. We may be seeing the end of the ‘easy’ increases. Increases in obesity in early life may be one factor: also, as people survive longer, rising challenges to the brain and neural systems are difficult to understand and treat.

This will compound problems for aged care services and costs, already increasing and accompanied by quality challenges. The ethics of prolonging life is coming under close scrutiny, with choice of death supported by a majority of older people.

These are all issues that will influence the outcomes of personal plans.

BUT WHAT ABOUT ME?

Communities are living longer, but what about me? There are ‘Life Tables’ that tell us average lifespans for each age, but the problem is, most people aren’t average.

The spread of deaths (in five year groups) from age 65 shows this. At age 65, less than one-quarter of people live to within three years of the average age of 86. The rest are short or long of the average. See Chart 1.

So, what about me? Am I likely to live longer or shorter than average? It’s an interesting question.

There has been a huge rise in long-term studies establishing reliable links between life expectancies and a large number of behavioural, health, social and other factors. More clues came from the survival data of life insurance companies.

This enabled the development of assessments which give better indications for individuals. For example, the SHAPE Analyser is a free online tool that has been available since 2008, providing over 180,000 estimates.

We are no longer reliant on average data. We can reasonably answer ‘what about me’ and understand why we might be different from others. This is allowing us to make better and more informed decisions about how we respond to our own – and our clients’ – longevity.

CAN I CHANGE MY LONGEVITY?

Can I really affect my longevity – the rest of my life? Or is it just a consequence of evolution?

Well, evolution plays out slowly and had little part in the doubling of lifespans over 200 years. The industrial revolution was the main change agent. Communities began to significantly influence the rest of their life, and so could individuals.

Time plays out differently at different ages. When we’re young, shorter term decisions tend to dominate. By midlife, priorities are changing.

With increasing longevity, ‘the rest of my life’ has become more significant. We can increasingly influence both our wellness and length of life. Whether and how we choose to do so, has consequences for our future health and funding. And our parents are also living longer, however, we and they are often poorly prepared for this.

IT’S NOT JUST HOW LONG

The SHAPE Analyser provides a personal time frame. It also provides insights into what we could do to improve our wellness. Further information is available from the Australian Institute of Health and Welfare, which quantifies the average stages of ‘the rest of life’. See Table 2.

For example, at age 65, on average there are typically 17 years of living independently and four dependent years. We can break down the independent years to ‘able’ and ‘less able’.

AGE NOW	AVERAGE LONGEVITY	ABLE YEARS	LESS ABLE YEARS	DEPENDENT YEARS	AVERAGE LIFE SPAN
65	21	10	7	4	86
75	13	5	4	4	88
85	7	2	2	3	92

TABLE 2: ABLE AND LESS ABLE YEARS

It's important to note:

- the same things that drive increasing longevity also drive how well we live;
- for many, there's time to remain well, productive and to get organised;
- we become more different from each other with age: personal decisions do matter;
- the longer we live, the longer we're likely to live – a survival bonus; and
- the survival bonus adds independent years and less dependency (i.e. needing support for core daily activities, and not necessarily for frailty or helplessness).

We can now prioritise our health plans and other important issues. We can plan better for potential changes to our longevity.

MORE ABOUT DEPENDENCY

Table 3 shows the average years of dependency at key ages. Dependency tends to reduce with increasing age, which for many people is unexpected. Women have almost twice as many dependent years as men.

However, the greater longevity of women means dependency typically begins later. Women are often younger than their male partners, who die after a shorter dependency before their partners enter their longer dependency. Unfortunately, women also have a higher likelihood of dementia.

These are important factors for financial planning, especially for aged care, guardianship, powers of attorney and end of life decisions.

LONGEVITY PLAN

We can now develop a realistic longevity plan that reflects how long we may live, why and what we will do about it, including:

- how we will engage with health advice and take preventative action;
- where we expect to live and why;
- who will manage things – and us – when we can't;

- who gets what, why (and why not), when and how; and
- our aged care preferences, dependency and end of life.

We can now plan for regular reviews.

BENEFITS OF A LONGEVITY PLAN

There are a number of benefits of having a longevity plan. These include:

- Each plan is unique for each person;
- It provides a lifetime framework that is easily adapted to changes;

- It creates productive interactions with family members and others; and
- It provides a high value for clients.

A CONVERSATION THAT BUILDS TRUST

Most financial decisions have a time basis, such as how long will my money last. These decisions can be based on individual data from a personal longevity plan.

Time underpins our major decisions as we age. In fact, a 'time' conversation can be easier to have with clients than a financial one, and it's the type of conversation that builds trust.

By empowering clients to have an informed and stronger commitment to their life journey via their longevity plan, financial planners can take account of a client's longevity across all their key decisions, life stages and reviews. Longevity planning also integrates easily with the client value proposition.

So, isn't it time longevity planning took its place in holistic personal advice?

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David Williams is the Founder of My Longevity.

- Immediate and longer term actions are prioritised, reflecting a client's life stages;
- It builds relationships and commitment with supportive financial planners;

AGE	65	75	85
MEN	3.4	3.0	2.3
WOMEN	5.6	5.1	4.1

TABLE 3: AVERAGE YEARS OF DEPENDENCY