
The age-old question: How long will your clients live?

By Editorial Staff Sun, Jun 2, 2024

For financial advisers trying to estimate how long their high-net-worth clients will live, a new white paper from HealthView suggests that only the very healthiest people need expect to live to age 95.

Our financial lives would probably be both more difficult and easier if we all knew exactly when we would die. Personal credit would presumably dry up as the “deadline” approached. But deciding how much to save for retirement would be easier.

A new [white paper](#) from HealthView Services, a Danvers, MA-based firm that collects longevity data for advisers, financial institutions and employers, could help advisers estimate how much longer a 65-year-old is likely to live.

From a mountain of data gathered from 266 million people, HealthView teases out predictions that individuals and advisers can use in planning for retirement. The white paper shows, for instance, that 65-year-olds with no chronic health problems should expect to live to age 88 (if male) and age 90 (if female).

But only about one in 20 Americans are disease-free at age 65. People suffering from high blood pressure, diabetes, heart disease, cancer, and other chronic diseases die one to six years sooner. Men age 65 with diabetes have a life expectancy of only 79 years.

Turning the data around, the white paper also reports the probabilities of living to age 90 for people with various diseases. People with no chronic disease at age 65 have a one in five chance living to age 95 “and beyond.” Those with diabetes should forget about living to 95.

HealthView quantifies the somewhat morbid inverse relationship between life expectancy and spending capacity. Assuming a new retiree with \$1.1 million in savings, the paper’s authors conclude that, compared with someone in excellent health, a high blood pressure sufferer could afford to spend \$448,000 more in retirement, smokers can afford to spend \$616,000 more, and diabetes sufferers can spend \$728,000 more, because of their shorter life expectancies.

The white paper describes a hypothetical couple, both 55 years old. One has a history of diabetes and a life expectancy of age 82. The other is healthier and can expect to live to age 90. By HealthView’s calculation, the healthier partner can expect to spend \$3.17 million in retirement (including Social Security benefits and income from an annuity) while the

partner with diabetes can expect to spend only about \$2 million.

Though the white paper doesn't make a point of this, the term "average life expectancy" may be misleading. When various cohorts of 65-year-olds are described as having average life expectancies of 14, or 16, or 18 years, it means that half of them will be deceased by then and half will live longer.

For financial advisers trying to estimate how long their high-net-worth clients will live, the white paper suggests that only the very healthiest people should reasonably expect to live to age 95. Others may need less savings for retirement or, conversely, be able to spend more of their savings during retirement. Luck, of course, will still play a role.

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