

Living Beyond Age 100

The Most Frequently Overlooked Retirement Risk

Living beyond age 100 used to be a rare occurrence, but according to a report from the Centers for Disease Control and Prevention, the number of people reaching 100 years of age is up 44 percent from 2000². This trend will continue because of improvements in medical technology. Cancer death rates have dropped 27% in the last 25 years³. Heart disease and strokes have decreased by a similar amount. Technology makes life extending improvements each day, such as the approximately 700,000 movement-enabling knee replacements that are performed annually⁴. Americans can expect to live longer, and in better health during their "golden years" than any previous generation, and they will need more money, for a longer period of time, to fund their retirement.

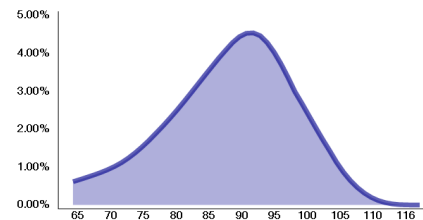


Ida May Fuller, the first Social Security recipient, began benefits in 1940. Checks arrived monthly for 35 years from age 65 until age 100. Her initial check was \$22.54. During her lifetime she collected a total of \$22,888.92 in Social Security benefits.¹

Your Life Expectancy is Age 89.2

Life insurance actuaries, who consider increases in life expectancy, calculate the life expectancy of a woman who is currently age 65 to be 89.2. Half will die before age 89.2 and half will live beyond this age. 46.0% will live beyond age 90. You cannot accurately predict exactly where you will land on the life expectancy curve. Genetics, chronic illness, diet, weight, exercise, tobacco use, excessive use of alcohol, marital status, socio-economic status, education, geographical location, and dozens of other factors play a role. *This is why informed people make lifetime income an essential part of their retirement plan.*

Probability of dying at a particular age



Your Life Expectancy is Age 89.2. You have about a 46.0% chance of living beyond age 90 and about a 9.1% risk of living past age 100.

Your Risk of Living Beyond Age 100 is 9.1%

The longer you live in retirement the more exposure you have to financial risks. To maintain your desired minimum living standard during the next 35 years, your core retirement income must be resilient enough to survive the risks associated with:

- **Inflation.** Assuming 3% inflation, what costs \$1.00 today will cost \$2.81 in 35 years.
- **Market Fluctuations.** On average, the booms last 38.7 months and the busts last 17.5 months⁵.
- **Interest Rate Instabilities.** The highest interest rate was 20% in 1979; the lowest .25% in 2008⁶.
- **Financial Pitfalls.** Medical expenses, over-spending, income taxes, high interest costs from debt, confidence schemes, unsecured loans, lawsuits, home repairs, and other unexpected events.

Annuities: The Key to Security and Peace of Mind

Annuities are guaranteed lifetime income sources such as Social Security, employer pension plans, and private annuities obtained from life insurance companies. These income sources can help insulate you from inflation, stock market fluctuations, and unstable interest rates. If your combined Social Security and employer pension paychecks are insufficient to meet your basic monthly financial obligations, you may want to consult a financial professional to discuss whether an annuity, possibly using funds you may have in a 401(k) or IRA, might be a useful vehicle to help fill this income gap.



¹ Social Security Administration <https://www.ssa.gov/history/idapayroll.html>

² NCHS Data Brief No. 233 January 2016 <https://www.cdc.gov/nchs/data/databriefs/db233.pdf>

³ American Cancer Society Facts and Figures 2019 <https://www.cancer.org/latest-news/facts-and-figures-2019.html>

⁴ US National Library of Medicine <https://www.ncbi.nlm.nih.gov/pubmed?term=17403800>

⁵ The Balance <https://www.thebalance.com/boom-and-bust-cycle-causes-and-history-3305803>

⁶ The Balance <https://www.thebalance.com/fed-funds-rate-history-highs-lows-3306135>