RETIRE N.O.W.

(**N**ot when **O**thers **W**ould)

A Comprehensive Guide to Retiring
on **Your** Schedule

CHAD ENSIGN

Chad Ensign/Ensign Wealth Management
4447 E. Broadway
#101
Mesa, AZ 85206
https://ensignwm.com/

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To everyone who has shown me there's more to life than paying bills and losing weight.

Don’t get so busy making a living
that you forget to make a life.
~ Dolly Parton

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FOREWORD

The Importance of Planning

Several times a year, my team and I host informational seminars and other events for soon-to-be retirees to help them plan retirement the right way. Often, attendees will visit my office later for a more personalized examination of their retirement prospects. Whenever I first sit down with such people, I encourage them to tell me what they *plan to do*, not what they *have done*. When people say what they *have done,* it almost never makes for a productive meeting. For example, about a year ago, I met with a couple who had attended one of my seminars two years earlier. They had retired to Arizona from the east coast to be closer to their kids. At first, they were confident in their nest egg. They had almost a million dollars in various assets, and they planned to grow that with strategic investment in real estate. Unfortunately, within two years, everything that could have gone wrong *did* go wrong.

When the husband first sat down across from me, he let out a heavy sigh and started with, “Let me tell you our story of woe.” The story he went on to tell me was tragic but not unique. Sadly, I could almost predict every misstep before he explained it. Without any experience in real estate investment, they had made several losing investments. Eventually, they’d been forced to sell many properties at a loss. As of that day in my office, the couple was down $800,000, and things weren’t looking up. I had to explain the reality of their situation: At least one of them would almost certainly have to go back to work.

They couldn’t earn back enough money just from investments to sustain the quality of life to which they were accustomed throughout the entirety of their retirement.

The point of that story is not to instill fear. On the contrary, that couple’s experience is an easily avoidable one. But the key is to consult with a professional before setting into motion any plans that may not achieve their intended purpose. That’s why I can’t stress it enough: Speak with a financial advisor when you’re still planning what to do, not after you’ve already done something major. When people consider the biggest risks to a successful retirement, they often list things like market volatility or unexpected health problems. In fact, I believe that one of the biggest risks to retirement is failure to develop an effective plan. When prospective clients come to me with their “tales of woe,” it almost always follows from neglecting to plan, or planning the wrong way. There are no do-overs in retirement. The margin for error is slim, and mistakes are not always fixable. That’s why I’ve written this book: so you can plan *the right way*.

At my firm, we use a five-step proprietary process designed to help you retire as soon as possible, with confidence. The five steps cover:

1. Income
2. Investments
3. Tax efficiency
4. Health care and long-term care
5. Estate and legacy planning

The objective of this comprehensive plan is not just so you can get *to* retirement but to ensure you make it *through* retirement.

Sometimes people scoff at the idea of such rigorous planning. They tell me, “We need $3,000 a month to get by. All we want is to know if we’ll have that.” To be frank, I don’t care about that. To me, retirement is not about the number you need to “get by;” it’s about living your best life. It’s not just to have what you need to cover the essentials but to have more so you can live comfortably and stress-free.

Money is the bottom line, but a fixed figure isn't planning for retirement. What happens when health care costs start rising? What about the constant risk of inflation? What about just the ability to make unnecessary purchases with confidence it will not derail your financial future? That's what a retirement plan should accomplish.

A financial planner's role is to answer the questions above, and more. They're also there to inspire confidence. Think about it; most people retire just once in their life. If they retire more times than that, it's probably because they made some serious mistakes. In contrast, my team helps hundreds of people retire every day! With that kind of experience, you can be sure, whatever comes your way, we're prepared to help you handle it.

Coupled with our experience is sophisticated software that can model almost every retirement eventuality. Knowing almost every potential hiccup that could potentially affect your retirement nest egg in advance is another powerful confidence builder. On their own, people often have some modicum of doubt when making the decision to retire. With an advisor, they can get around to living their lives with less worry about resources.

I want retirement to look like summer vacation at eight years old. Do you remember those days? Early in the morning, all the kids in the neighborhood would get together to play and hang out. At lunch you'd check in at home for a quick bite, but you couldn't wait to get back outside. You'd keep playing until dark when mom started calling for you. That was truly carefree living.

Retirement should be the same way. One of my client's told me he has a friend who spends every day in retirement watching the stock market. What kind of life is that? Unless market investment is genuinely your interest and hobby, that sounds terrible! I met another gentleman once who'd been retired for a year. I asked what he'd been doing, and he said he was figuring out Social Security . . . for an entire year! And he still hadn't figured it out. In half an hour, I told him everything he wanted to know and how to use it.

You know the expression, "Ready, aim, fire"? Those basic steps apply to retirement as well. Ready yourself as it approaches, aim for your goals with a well-made plan, and then fire—put it all into action. As a concept, it's very basic. But too often I see retirees "Ready, aim, aim, aim . . ." They never actually fire it because they're unsure of themselves, and they have too much to lose. People get so close to but never live the retirement they want. They think themselves out of taking action. You need to actually do it. Of course, you'll need a basis for confidence; I'm not encouraging you to behave recklessly. In this book, I'll outline the steps designed to help you retire confidently and achieving the life you've always envisioned. Keep reading for the complete guide on how to get more out of your retirement years!

CHAPTER 1

Longevity

You would think the prospect of the grave would loom more frightening as we age, yet many retirees say their number one fear is actually running out of money in their twilight years.[1] This fear is, unfortunately, justified, in part, because of one significant factor: We're living longer.

According to the Social Security Administration, in 1950, the average life expectancy for a sixty-five-year-old man was seventy-eight, and the average for a sixty-five-year-old woman was eighty-one. In 2020, those averages were eighty-three and eighty-eight, respectively.[2]

The bottom line of many retirees' budget woes comes down to this: They just didn't plan to live so long. Now, when we are young and in our working years, that's not something we necessarily see as a bad thing; don't some people fantasize about living forever, or at least reaching the ripe old age of one hundred?

Our resources are finite—we only have so much money to provide income—but our lifespans can be unpredictably long, perhaps longer than our resources allow. Also, longer lives

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[1] Samiha Khanna. Journal of Accountancy. February 14, 2019. "Clients' Top Fear: Running out of Money."
https://www.journalofaccountancy.com/news/2019/feb/top-retirement-fears-201920387.html

[2] Social Security Administration. 2011 Trustees Report. "Actuarial Publications: Cohort Life Expectancy."
https://www.ssa.gov/OACT/TR/2011/lr5a4.html

don't necessarily equate with healthier lives. The longer you live, the more money you will likely need to spend on health care, even excluding long-term care needs like nursing homes.

You will also run into inflation. If you don't plan to live another twenty-five years but end up doing so, inflation at an average 2.5 percent will raise your $50,000-per-year budgeted need up to $93,000 per year. Or, if you live another eight years as inflation rises, you will need about $810,000 to cover those same expenses.[3] And this is before you count the expenses of any potential health care or long-term care needs.

Because we don't necessarily get to have our cake and eat it, too, our collective increased longevity hasn't necessarily increased the healthy years of our lives. Typically, our life-extending care most widely applies to the part of our lives where we will need more care in general. Think of a pacemaker at eighty-five, or radiation pills for cancer at seventy-eight.

"Wow, Chad," I can hear you say. "Way to start with the good news first."

I know, I've painted a fairly grim picture. But all I'm concerned about here is the cost. It's hard to put a dollar sign on life, but that is essentially what we're talking about when discussing longevity and your finances. According to the Stanford Center on Longevity, more than half of pre-retirees underestimate the life expectancy of the average sixty-five-year-old.[4] Living longer isn't a bad thing; it just costs more, and one key to a sound retirement strategy is preparing in advance for that expense.

One couple I know of illustrates this picture perfectly—I'll call them Joe and Jenny Winston. For most of their lives, Joe and Jenny were super aggressive investors, building a

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[3] Katie Brockman. The Motley Fool. August 19, 2018. "More Americans are Living into Their 90s—and That's Bad News for Their Savings." https://www.fool.com/retirement/2018/08/19/more-americans-are-living-into-their-90s-and-thats.aspx

[4] Stanford Center on Longevity. "Underestimating Years in Retirement." http://longevity.stanford.edu/underestimating-years-in-retirement/

comfortable nest egg “just in case” health problems arose, they needed nursing home care, they had to move, or in case they needed to help children and grandchildren with their expenses. Having so many contingencies gave them personal confidence, as well as concretely increasing the likelihood that their plan would last over the long term. This is why we believe it is important to consider all areas of retirement.

Living longer may be more expensive, but it can be so meaningful when you plan for “what-ifs” and “just-in-cases.”

Retiring Later

Planning for a long life in retirement partly comes down to when you retire. While many people end up retiring earlier than they anticipated—due to injuries, layoffs, family crises, and other unforeseen circumstances—continuing to work past age sixty (and even sixty-five) is still a viable option for others and can be an excellent way to help establish financial comfort in retirement.

There are many reasons for this. For one, you obviously still earn a paycheck and the benefits accompanying it. Medical coverage and beefing up your retirement accounts with further savings can be pretty significant by themselves, but the advantage of continuing your income is also that it should keep you from dipping into your retirement funds, further allowing them the opportunity to grow.

Additionally, for many workers, their nine-to-five job is more than just clocking in and out. Having a sense of purpose can keep us active physically, mentally, and socially. That kind of activity and level of engagement may also help stave off many of the health problems that affect retirees. Avoiding a sedentary life is one of the advantages of staying plugged into the workforce, if possible.

One example comes to mind of a guy who did just that. I first met him and his wife at one of my dinner seminars. Two weeks later they came to the office. The first thing the husband told me after sitting down at my desk was, “The day after your seminar, I quit my job.” At first, I was panicked, thinking, “What in the world did I say?” But actually, this gentleman had already retired one time before. He’d gone back to work only because he was so bored in his retired life. Unfortunately, the new job he’d gotten was dreadful. He hated it. He knew financially he didn’t have to be there, but making money is what he knew how to do. He took away from the seminar, though, that retirement is more than a money game.

It’s not about working or not working—it’s about finding enjoyment in what you do without having to stress over the money. This guy loved to work, but what he loved didn’t pay as much as he could make elsewhere. Once he realized money didn’t need to be his ultimate goal, he felt liberated. You’ll probably never guess what work he found that he actually loved . . . Panning for gold. Talk about a unique interest! He and his buddies are bonafide gold hunting enthusiasts, and they’re pretty good at it. It keeps them active, healthy, and happy.

Health Care

Take a second to reflect on your health care plan. Although working up to or even past age sixty-five would allow you to avoid a coverage gap between your working years and Medicare, that may not be an option for you. Even if it is, when you retire, you will need to make some decisions about what kind of insurance coverage you may need to supplement your Medicare. Are there any medical needs you have that may require coverage in addition to Medicare? Did your parents or grandparents have any inherited medical conditions you might consider using a special savings plan to cover?

These are all questions that are important to review with your financial professional so you can be sure you have enough money put aside for health care.

Long-Term Care

Longevity means the need for long-term care is statistically more likely to happen. If you intend to pass on a legacy, planning for long-term care is paramount, since it's estimated that nearly 70 percent of Americans will need some type of it.[5] However, this may be one of the biggest, most stressful pieces of longevity planning I encounter in my work. For one thing, who wants to talk about the point in their lives when they may feel the most limited? Who wants to dwell on what will happen if they no longer can toilet, bathe, dress, or feed themselves?

I get it; this is a less-than-fun part of planning. But a little bit of preparation now can go a long way!

When it comes to your longevity, just like with your goals, one of the important things to do is sit and dream. It may not be the fun, road-trip-to-the-Grand-Canyon kind of dreaming, but spend time envisioning how you want your twilight years to look.

For instance, if it is important for you to live in your home for as long as possible, who will provide for the day-to-day fixes and to-dos of housework if you become ill? Will you set aside money for a service, or do you have relatives or friends nearby whom you would comfortably allow to help you? Do you have a preference for in-home care over a nursing home or assisted living? This could be a good time to discuss the possibility of moving into a retirement community versus staying where you are or whether it's worth moving to another state and leaving relatives behind.

These are all important factors to discuss with your spouse and children, as *now* is the best time to address questions and concerns. For instance, is aging in place more important to one spouse than the other? Are the friends or relatives who live

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[5] Moll Law Group. 2019. "The Cost of Long-Term Care." https://www.molllawgroup.com/the-cost-of-long-term-care.html

nearby emotionally, physically, and financially capable of helping you for a time if you face an illness?

Many families I meet with find these conversations very uncomfortable, particularly when children discuss nursing home care with their parents. A knee-jerk reaction for many is to promise they will care for their aging parents. This is noble and well-intentioned, but there needs to be an element of realism here. Does “help” from an adult child mean they stop by and help you with laundry, cooking, home maintenance, and bills? Or does it mean they move you into their spare room when you have hip surgery? Are they prepared to help you toilet and bathe if that becomes difficult for you to do on your own?

I don’t mean to discourage families from caring for their own; this can be a profoundly admirable relationship when it works out. However, I’ve seen families put off planning for late-in-life care based on a tenuous promise the adult children would care for their parents, only to watch as the support system crumbles. Sometimes this is because the assumed caregiver hasn’t given serious thought to the preparation they would need, both in a formal sense and with regard to their personal physical, emotional, and financial commitments. This is often also because we can’t see the future: Alzheimer’s and other maladies of old age can exact a heavy toll. When a loved one reaches the point he or she is at risk of wandering away or needs help with two or more activities of daily living, it can be more than one person or family can realistically handle.

If you know what you want, communicate with your family about both the best-case and worst-case scenarios. Then, hope for the best, and plan for the worst.

Realistic Cost of Care

Wrapped up in your planning should be a consideration for the cost of long-term care. Although the majority of us will need some degree of long-term care—including the 30 percent of us who may need up to five years of facility care—60 percent of us underestimate the costs of nursing home care! On average, consumers underestimate the annual cost of a private room in a nursing home by 51 percent.[6]

Another piece of long-term care costs is inflation.

It's common knowledge prices have been and keep rising, and that will lower your purchasing power on everything from food to medical care. Long-term care is a big piece of the inflation-disparity pie, which is part of why many find their estimates of nursing home care widely miss the mark. According to one survey, people expected to pay around $25,350 in out-of-pocket long-term care expenses per year, but, in reality, they'll more likely be paying over $47,000.[7]

While local costs vary from state to state, here's the national median for various forms of long-term care (plus projections that account for a 3 percent annual inflation, so you can see what I'm talking about):[8]

[6] Tamara E. Holmes. Yahoo Finance. July 24, 2019. "Consumers Underestimate Costs of Long-Term Care."
https://finance.yahoo.com/news/consumers-underestimate-costs-long-term-173542918.html

[7] Moll Law Group. 2019. "The Cost of Long-Term Care."
https://www.molllawgroup.com/the-cost-of-long-term-care.html

[8] Genworth Financial. May 2020. "Cost of Care Survey 2019."
https://www.genworth.com/aging-and-you/finances/cost-of-care.html

Long-Term Care Costs: Inflation				
	Home Health Care, Homemaker Services	Adult Day Care	Assisted Living	Nursing Home (semi-private)
Annual 2019	$51,480	$19,500	$48,612	$90,155
Annual 2029	$69,185	$26,206	$65,330	$121,161
Annual 2039	$92,979	$35,219	$87,799	$162,830
Annual 2049	$124,955	$47,332	$117,994	$218,830

Fund Your Long-Term Care

One critical mistake I see are those who haven't planned for long-term care because they assume the government will provide everything. But that's a huge misconception. The government has two health insurance programs: Medicare and Medicaid. These can greatly assist you in your health care needs in retirement but usually don't provide enough coverage to cover all of your health care costs in retirement. My firm isn't a government outpost, so we don't get to make decisions when it comes to forming policy and specifics about either one of these programs. I'm going to give the overview of both, but, if you want to dive into the details of these programs, you can visit Medicare.gov and Medicaid.gov.

Medicare

Medicare covers those aged sixty-five and older and those who are disabled. Medicare's coverage of any nursing-home-related health issues is limited. It might cover your nursing home stay if it is not a "custodial" stay, and it isn't long-term. For example, if you break a bone or suffer a stroke, stay in a nursing home for rehabilitative care, and then return home, Medicare may cover you. But, if you have developed dementia or are looking to move to a nursing facility because you can no longer bathe, dress, toilet, feed yourself, or take care of your hygiene, etc., then Medicare is not going to pay for your nursing home costs.[9]

Medicaid

Medicaid is a program the states administer, so funding, protocol, and limitations vary. Compared to Medicare, Medicaid more widely covers nursing home care, but it targets a different demographic than Medicare: those with low incomes.

If you have more assets than the Medicaid limit in your state and need nursing home care, you will need to use those assets to pay for your care. You will also have a list of additional state-approved ways to spend some of these assets over the Medicaid limit, such as pre-purchasing burial plots and funeral expenses or paying off debts. After that, your remaining assets fund your nursing home stay until they are gone, at which point Medicaid will jump in.

Some people aren't stymied by this, thinking they will just pass on their financial assets early, gifting them to relatives, friends, and causes so they can qualify for Medicaid when they need it. However, to prevent this exact scenario, Uncle Sam has implemented the look-back period. Currently, if you enroll in Medicaid, you are subject to having the government scrutinize the last five years of your finances for large gifts or expenses that may subject you to penalties, temporarily making you ineligible for Medicaid coverage.

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[9] Medicare.gov. "What Part A covers." https://www.medicare.gov/what-medicare-covers/part-a/what-part-a-covers.html

So, if you're planning to preserve your money for future generations and retain control of your financial resources during your lifetime, you'll probably want to prepare for the costs of longevity beyond a "government plan."

Self-Funding

One way to fund a longer life is the old-fashioned way, through self-funding. There are a variety of financial tools you can use, and they all have their pros and cons. If your assets are in low-interest accounts (savings, bonds, CDs), you risk letting inflation erode the value of your dollar. Or, if you are relying on the stock market, you have more growth potential, but you'll also want to consider the possible implications of market volatility. What if your assets take a hit? If you suffer a loss in your retirement portfolio in early or mid-retirement, you might have the option to "tighten your belt," so to speak, and cut back on discretionary spending to allow your portfolio the room to bounce back. But, if you are retired and depend on income from a stock account that just hit a downward stride, what are you going to do?

HSAs

These days, you might also be able to self-fund through a health savings account, or HSA, if you have access to one through a high-deductible health plan (you will not qualify to save in an HSA after enrolling in Medicare). In an HSA, any growth of your tax-deductible contributions will be tax-free, and any distributions paid out for qualified health costs are also tax-free. That can be a tax trifecta. Long-term care expenses count as health costs, so, if this is an option available to you, it is one way to use the tax advantages to self-fund your longevity. Bear in mind, if you are younger than sixty-five, any money you use for nonqualified expenses will be subject to taxes and penalties, and, if you are older than sixty-five, any HSA money you use for non-medical expenses is subject to income tax.

LTCI

One slightly more nuanced way to pay for longevity, specifically for long-term care, is long-term care insurance, or LTCI. As car insurance protects your assets in case of a car accident and home insurance protects your assets in case something happens to your house, long-term care insurance aims to protect your assets in case you need long-term care in an at-home or nursing home situation.

As with other types of insurance, you will pay a monthly premium in exchange for an insurance company to pay for long-term care down the road. Typically, policies cover two to three years of care, which is adequate for an "average" situation: it's estimated 70 percent of Americans will need about three years of long-term care of some kind. However, it's important to consider you might not be "average" when you are preparing for long-term care costs; on average, 20 percent of today's sixty-five-year-olds will need care for longer than five years.[10]

Now, there are a few oft-cited components of LTCI that make it unattractive for some:

- Expense — LTCI can be expensive. It is generally less expensive the younger you are, but a fifty-five-year-old couple who purchased LTCI in 2019 could expect to pay $3,050 each year for an average three-year coverage policy. And the annual cost only increases from there the older you are.[11]
- Limited options — Let's face it: LTCI is expensive for consumers, but it is also expensive for companies that offer it. With fewer companies willing to take on that

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[10] David Levine. *U.S. News.* July 10, 2019. "How to Pay for Nursing home Costs." https://health.usnews.com/best-nursing-homes/articles/how-to-pay-for-nursing-home-costs

[11] American Association for Long-Term Care Insurance. January 2019. "2019 National Long-Term Care Insurance Price Index." https://www.aaltci.org/news/wp-content/uploads/2019/01/2019-Price-Index-LTC.pdf

expense, this narrows the market, meaning opportunities to price shop for policies with different options or custom benefits are limited.

- If you know you need it, you may not be able to get it — Insurance companies offering LTCI are taking on a risk that you may need LTCI. That risk is the foundation of the product—you may or may not need it. If you know you will need it because you have a dementia diagnosis or another illness for which you will need long-term care, you will likely not qualify for LTCI coverage.
- Use it or lose it — If you have LTCI and are in the minority of Americans who die having never needed long-term care, all the money you paid into your LTCI plan is gone.
- Possibly fluctuating rates — Your premium rate is not locked in on LTCI. Companies maintain the ability to raise or lower your premium amounts. This means some seniors face an ultimatum: Keep funding a policy at what might be a less affordable rate *or* lose coverage and let go of all the money they paid in thus far.

After that, you might be thinking, “How can people possibly be interested in LTCI?” But let me repeat myself—as many as 70 percent of Americans will need long-term care. Those are pretty steady odds. And, although only 8 percent of Americans have purchased LTCI, keep in mind the costs of nursing home care. Can you afford $7,000 a month to put into nursing home care and still have enough left over to protect your legacy? This is a very real concern: One study says 72 percent of Americans are impoverished by the end of just one year in a nursing home.[12] So, not to sound like a broken record, but it is vitally important to have a plan in place to deal with longevity and long-term care if you intend to leave a financial legacy.

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[12] A Place for Mom. January 2018. “Long-Term Care Insurance: Costs & Benefits.” http://www.aplaceformom.com/senior-care-resources/articles/long-term-care-costs.

Long-term care insurance is kind of a black cloud that hangs over many retirees because they don't know how to plan for it. The costs are high, there are a limited number of companies that even offer it anymore, and there are stories of people who were priced out right before they needed it. With couples, especially, there is a significant chance at least one of the spouses may not ultimately take advantage of long-term care facilities anyway. So, the end result? They give away thousands in premiums to an insurance company and receive nothing in return.

In an effective retirement plan, we try to address each of the issues that may arise in retirement—the market declining, health issues arising, etc.—and allot funds accordingly. As for health care expenses, one option is to self-insure. Many of my clients are actually very capable of doing that. At first they may worry about the price of a memory care unit, but that's before really examining their assets. They may have income from Social Security, a $400,000 house with no mortgage, and a small pension. If they need long-term care, those assets would more than likely cover the expense.

Another option I find often works nicely for many retirees is to use add an optional rider on their annuity or life insurance policy. Long-term care riders can serve almost as a guarantee. Still, it's not the end-all. If you sit down with a long-term care insurance salesman, he or she might make it sound like a rider is essential for everyone. That's not entirely true, but it may be a good choice for your circumstances. Just remember this, there are always other options.

Product Riders

Some companies are getting creative with their products, particularly insurance companies. One way they are retooling to meet people's needs is through optional product riders on annuities and life insurance. Elsewhere in this book, I talk about annuity basics, and here's a brief overview: Annuities are insurance contracts. You pay the insurance company a premium, either as a lump sum or as a series of payments over a set amount of time, in exchange for guaranteed income payments. One of the advantages of an annuity is it has access to riders, which allow you to tweak your contract for a fee, usually about 1 percent of the contract value annually. One annuity rider some companies offer is a long-term care rider. If you have an annuity with a long-term care rider and are not in need of long-term care, your contract behaves as any annuity contract would—nothing changes. Generally speaking, if you reach a point when you can't perform multiple functions of daily life on your own, you notify the insurance company, and a representative will turn on those provisions of your contract.

Like LTCI, different companies and products offer different options. Some annuity long-term care riders offer coverage of two years in a nursing home situation. Others cap expenses at two times the original annuity's value. It greatly depends. Some people prefer this option because there isn't a "use-it-or-lose-it" piece; if you die without ever having needed long-term care, you still will have had the income benefit from the base contract. Still, as with any annuities or insurance contracts, there are the usual restrictions and limitations. Withdrawing money from the contract will affect future income payments, early distributions can result in a penalty, income taxes may apply, and, because the insurance company's solvency is what guarantees your payments, it's important to do your research about the insurance company you are considering purchasing a contract from.

Understandably, a discussion on long-term care and its particulars is bound to feel at least a little tedious. Yet, this is a critical piece of planning for income in retirement, particularly if you want to leave a legacy.

I met a couple once who had waited until the time when they needed money for long-term care to start planning for it. So, when's the best time to get LTCI if you want it? *When you don't need it*. The most common situation I see is clients coming to us about their parents. Their parents need to go into a care facility, and the kids don't know how to pay for it. They come to me and ask if they can get LTCI or something like it. If that's your situation, I'm sorry to say it, but, no, you probably can't get LTCI at that point. And, even if you can, it's more than likely going to be astronomically expensive.

Remember though, LTCI isn't the only option. I think of it like owning a tow truck. If your car ever breaks down, it'd be convenient to own your own tow truck. But many people will never in their lives require a tow. So, what would be the value of owning a tow truck?

LTCI is the same way. It can be nice to have if you really need it, but many won't ever capitalize on its value. If you don't feel like "owning the tow truck," there are other alternatives available to you.

Spousal Planning

Here's one thing to keep in mind no matter how you plan to save: Many of us will be planning for more than ourselves. Look back at all the stats on health events and the likelihood of long life and long-term care. If they hold true for a single individual, then the likelihood of having a costly health or long-term care event is even higher for a married couple. You'll be planning for not just one life but two. So, when it comes to long-term care insurance, annuities, self-funding, or whatever strategy you are looking at utilizing, be sure you are funding longevity for the both of you.

When you're married, long-term care planning can get complicated. It's not as simple as accounting for just your own life expectancy. It's about yours *and* your spouse's, and it's a challenge to account for two unknown variables instead of just one. All your decisions must be interwoven. You need to know things like, what's the spousal benefit on your pension?

I'm always shocked by how many people don't know the answer to that question. They know they're getting monthly income from their pension but not how much goes to their spouse if they die. It could carry over entirely, plus your Social Security. On the other hand, such assets could disappear almost entirely after your death. Then what is your spouse to do?

Such questions need to be asked long before the answers become relevant. That's part of what a financial advisor is designed to do—to ask the tough questions you don't want to think about or you might not consider until it's too late. The moral of the story is this: Know the details, and plan accordingly early in the retirement process.

Acknowledgments

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CHAD ENSIGN

About the Author

Chad Ensign is a financial advisor focused on helping clients work toward their retirement dreams through a well-thought-out strategy for retirement income. He founded his independent company to better serve clients by providing a wide range of insurance and investment products.

As a child, Chad enjoyed working with numbers and was gifted in math. He was introduced to the world of financial services at a young age through friends and family. He grew to love teaching others the importance of managing their money. However, the financial world Chad was introduced to was a captive insurance firm, meaning Chad could only offer his clients the limited products and services that the parent company offered. Chad wanted to give his clients a broader range of products to choose from to help them decide which options best fit with their individual situations.

Now the head of his own independent firm, Chad enjoys sharing his knowledge with clients to help them understand how to make their money work for them. His philosophy is to enjoy your money while you have the health and energy to do so.

Chad has passed the Series 65 exam and is an Investment Adviser Representative. He also holds the Retirement Income Certified Professional (RICP) designation. He holds life and health insurance licenses in several states, but his primary focus is in Arizona, Utah, and California (operating with California Insurance Licence No. 0K68065). Chad earned his bachelor's degree in communications from California State University at Sacramento. He is also a contributing author to *Kiplinger* online.

Away from the office, Chad enjoys spending time with his four children. He coaches his kids' sports and enjoys boating and being outdoors. His family lives in Mesa, Arizona.