Personal Finance

BUILDING WEALTH

The retirement plan no one talks about: what happens if you live too long?

Managing Your Money

LYNN MacNEIL

You planned for a 25-year retirement. What if it stretched to 40? It's the kind of question most people avoid because, for many, it sounds like a good problem to have. Who wouldn't want to live well into their 90s or beyond? But here's the catch: a longer life doesn't just mean more years of joy, travel,

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or time with grandkids. It also means more years of expenses, inflation, and market volatility. And if your retirement plan isn't built to handle that, you could find yourself outliving your money.

The quiet risk of outliving your wealth -AKA longevity risk - is often the elephant in the room during retirement planning. It's not as immediate or dramatic as a market crash, but it can be just as devastating over time. Many retirement plans are built around the assumption of a 20- to 25-year horizon post-retirement. That might have been reasonable a generation ago. But today, healthy individuals in their 60s could easily see 30 or even 40 years of retirement ahead of them.

And yet, many advisors continue to run projections to age 85 or 90 as the default. Why? Because extending the plan to 95 or 100 might reveal some uncomfortable truths: the need to save more, spend less, or rethink investment strategies. However, avoiding the question doesn't make the risk disappear.

Don't misunderstand me, throughout my career, as I work with wealth plans, I have had many clients tell me, "Oh, I don't plan to live that long", "I won't live past (they give me an age)", or simply "I don't want to live that long". Okay, but what if you do!? Ultimately, it's not really up to us, is it?

This isn't just a concern for the average middle class. High-net-worth individuals often assume their wealth will easily carry them through retirement. But lifestyle inflation, estate taxes, long-term care needs, and supporting adult children or grandchildren can quietly chip away at even a robust nest egg. Factor in decades of inflation, and today's dollars may not stretch nearly as far tomorrow.

A couple retiring at 65 with $2 million might feel comfortable. But if they both live to 95 and face unexpected healthcare costs or prolonged market downturns, that comfort can quickly turn into constraint.

A strong financial plan doesn't just chart a path based on ideal circumstances. It asks the hard questions: What if you live to 100? What if your spouse does as well, and needs round-the-clock care? What if you both do? An advisor tuned into the realities of increased longevity will factor this in and catch what most financial plans miss.

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Surprisingly, many plans don't model for these kinds of scenarios. They project averages, not extremes. And while the average life expectancy may be in the mid-80s, planning for the average is a gamble most people can't afford to take.

A truly resilient financial plan takes longevity seriously. It stress-tests your portfolio against the realities of a long life. It considers:

- Rising healthcare and caregiving costs
- Sustainable withdrawal rates over 30+ years
- Long-term inflation impacts
- The timing and coordination of government benefits
- Legacy and estate planning that doesn't sacrifice your security

A solid plan should have conservative assumptions and build flexibility into the strategy. Because a plan that only works if everything goes right isn't a plan — it's a hope.

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Would your financial plan survive a divorce, diagnosis, or death? It's not the bull market your plan needs to survive. It's the phone call that changes everything. Too many financial plans assume a straight path. But real life is anything but straight. It's the sudden illness

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that leads to early retirement. The divorce that splits not only a household, but the assets meant to support it. The unexpected death of a spouse who managed the finances.

In moments like these, clarity is critical — and sadly, many people find that their plan wasn't really a plan at all. Just a collection of statements and projections.

This is why we believe in building what-if scenarios directly into the planning process. We test whatever "what-ifs" worry you - What if only one spouse needs long-term care? What if you sell the cottage? Or keep it? What if one of you lives another 20 years alone? It's not about being negative. It's about being prepared. Planning with depth, not just numbers.

The true value of financial planning lies not just in maximizing returns, but in minimizing regrets. While some wealth advisors use an approach that makes the plan look nice and shiny, with everything working out beautifully till the end, we suggest that you look for an approach that is designed to offer confidence in uncertain times, not just in strong markets. Because when life takes a turn, the last thing you want to worry about is whether your finances can keep up.

If your current financial planner hasn't asked these kinds of questions, maybe it's time for a second opinion.

Note: For more tips and insights on managing your wealth, follow me on my Facebook page **MVE Wealth**.

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