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I have good news and bad news: you may live a long time, and it can end up costing a whole lot of money.

According to the American Academy of Actuaries a 65-year old female has a 50% chance of living to 87 and a male to 84. If they're non-smokers add 2-3 years.

For a 65-year old couple there's a 50% chance one lives to 91. And a 25% chance one lives to 96.

This is why I prefer to plan on living expenses lasting to age 95. I'm tempted to go to age 100 but in my experience most people don't take that possibility seriously and they may end up ignoring the plan itself.

I often hear people refer to their parents' age on death to suggest how long they will live. Genetics certainly matter. But so do the environment and lifestyle choices.

And what kinds of medicine do you have available that your mom and dad did not? Think Lipitor. I think it's better to allow for the possibility you might live well past 90.

Just in case you actually do. That's the way planning works, you build in a margin of safety.

And if you don't live that long? Well, your heirs will receive more.

But just because you may live a very long time doesn't mean you should defer spending on that big trip to Europe or Australia or wherever you wish to go.

Most of us slow down by the time we turn 85 so better get that trip in while you're young. Seriously, by the time you're 85 you may not bear the thought of airports and long plane rides.

But the money you later save on travel and entertainment may go to cover increased health care expenses. This is why I think, besides insurance, it's good to have a decent nest egg in your mid-80s even if your general living expenses may be low.

Just in case you become the unlucky person who lives several years in need of expensive care.

Of course, I hope you live a long, healthy, and happy life.

In the end, accept that it's quite common to get very old and it might get expensive. And if that is your future then having enough money to make choices about your late stage living situation would make a world of difference.

Good luck.

Jorgen Vik, CFP®

CERTIFIED FINANCIAL PLANNER™

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