



# Money for Life

## LET'S TALK HEALTH NEEDS IN RETIREMENT

### START THE CONVERSATION

- **Money for Life** is Sun Life Financial's customized approach to your financial and retirement planning.<sup>1</sup> It's about working with your advisor to plan for your retirement needs and retire with confidence.
- Throughout retirement, you'll have basic living expenses like food, housing and utilities. You'll likely want to enjoy yourself through traveling or other experiences. You also need to consider your health.
- Most of us enter retirement with an understanding of our current health and how to manage it. But over time, health changes. We gradually spend more on medical, physical and personal care. Typically, we move through the 5 stages of care.
- The progression through these stages is different for everyone but, in time, your health needs and costs will grow. It's important to plan for your health today – and for the future.



### CONCERNED ABOUT PAYING FOR HEALTH CARE? YOU'RE NOT ALONE.

- 60% of Canadians are worried about the cost of health care in retirement.<sup>2</sup>
- The Canadian Life and Health Insurance Association Inc. (CLHIA) warns there'll be a government funding shortfall of \$590 billion to cover the cost of care for boomers as they move through retirement – a shortfall equal to about 94% of all individual registered savings plans in Canada today.<sup>3</sup> Yet 52% haven't factored long-term care into retirement plans.<sup>4</sup>

### SHED LIGHT ON THE RISKS

When planning to cover your health needs in retirement, consider these risks:



**LONGEVITY RISK** – today's retirees are living longer, but life expectancy (how long you'll live) and health expectancy (how long you'll stay in good health) aren't the same. With age come emerging care needs and the associated costs.



**INFLATION RISK** – over the past 10 years, inflation in Canada has increased at an average rate of 2%,<sup>5</sup> whereas health-care inflation averaged 4%.<sup>6</sup>



**MARKET RISK** – like market performance, significant health events aren't predictable and may lead to ill-timed withdrawals or inability to contribute to investments.



**HEALTH RISK** – health needs change gradually over time and a serious accident or sudden illness could happen at any age. It's important to plan for your health today and in the future.



**MORTALITY RISK** – health can impact life expectancy; an untimely death could affect a spouse or partner's income stream to cover basic needs.

### ? DID YOU KNOW?

- The average 65-year-old couple has an 82% chance that at least one will need long-term care in retirement.<sup>7</sup>
- 40% of caregivers expect they'll contribute financially to the care of a family member. The actual number is 83%.<sup>8</sup>

<sup>7</sup> Munich Re, 2015.

<sup>8</sup> Age Wave (sponsored by Genworth Financial Inc.), Our Family, Our Future: The Heart of Long-Term Care Planning, 2010.

## DEMONSTRATE THE IMPACT: THE COST OF CARE – TODAY AND IN THE FUTURE

The **Money for Life** – your changing needs in retirement visual shows how health needs emerge over time, while the 5 stages of care chart shows the associated health-care costs as we move through the stages. In the early stages, health expenses are part of basic living expenses. With time, the level of health care and personal assistance increase as existing conditions persist and new ones emerge.

### THE 5 STAGES OF CARE

- Stage 1:** No special care or support from family.
- Stage 2:** Seniors accept help from family members only.
- Stage 3:** Seniors receive support from family and limited formal care services.
- Stage 4:** Health and personal care needs are beyond the family's capacity to help – formal care is needed.
- Stage 5:** Long-term care home admission is required to receive continual skilled nursing care and extensive personal care.

Monthly costs shown are in addition to government subsidization. Costs are based on a scenario of an average couple in Ontario and the level of care they experience in each stage. Projected costs illustrate the impact of the health-care rate of inflation, which has doubled the general rate of inflation over the past 10 years. The 5 Stages of Care – A Journey through retirement in Ontario (810-3934) will give you a better understanding of the scenarios behind these numbers.

### PRESENT THE SOLUTION

With the right plan, you can prepare for your health-care needs and costs in retirement. I can show you how health insurance and wealth solutions work together to help manage these expenses so you can plan for the type of care you want in retirement, and reduce the risk of outliving your money or depleting your legacy.

Sun Retirement Health Assist is a long term care insurance solution focused on planning for the health risks specifically associated with retirement in later years and the realities of aging.

Sun Long Term Care Insurance protects against significant health-care needs in the later years of retirement, with the added security of protection against significant impacts of severe illness or accident that can happen at any time.

You can combine critical illness insurance like Sun Critical Illness Insurance and personal health insurance that replaces employee benefits in retirement with these long-term care solutions to help secure your retirement income against the risks of health and personal care needs as you age.

**Money for Life** is about planning for your needs and managing risks so you can retire with confidence – and I can help.

<sup>1</sup> Only advisors who hold CFP (Certified Financial Planner), CH.F.C. (Chartered Financial Consultant), F.Pl. (Financial Planner in Quebec), or equivalent designations are certified as financial planners.

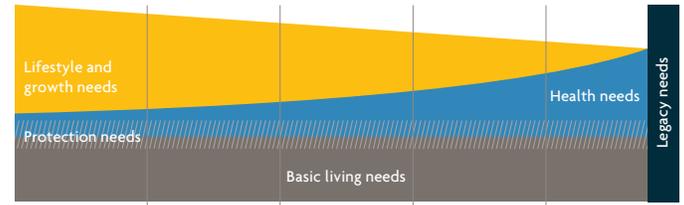
<sup>2</sup> 2015 Sun Life Canadian Unretirement™ Index.

<sup>3</sup> CLHIA Report on Long-Term Care Policy, July 2014.

<sup>4</sup> 2012 survey conducted on behalf of Sun Life Financial and CARP.

<sup>5</sup> Statistics Canada, 2015.

<sup>6</sup> Sun Life Financial Home Care Surveys, 2004-2014.



		Newly retired		In retirement		Later years	
Level of care		1 Independence	2 Interdependence	3 Supportive Living	4 Crisis Management	5 Dependence	
Sample monthly cost today		\$140	\$1,470	\$7,350	\$10,155	\$12,670	
Projected monthly cost in:	10 years	\$190	\$2,037	\$10,880	\$15,035	\$18,353	
	20 years	\$257	\$2,848	\$16,105	\$22,256	\$27,167	
	30 years	\$351	\$4,012	\$23,839	\$32,944	\$40,214	

Note: Current costs reflect 2014 amounts in Ontario. To learn more about the costs please see "The 5 Stages of Care: A Journey through retirement in Ontario" (810-3934). You can also see "The 5 Stages of Care: A Journey through retirement in British Columbia" (810-4259) and "The 5 Stages of Care: A Journey through retirement in Quebec" (810-4260) for information on those provinces.



#### DID YOU KNOW?

- Just over 3 in 4 Canadians say their personal finances would be impacted if they developed a chronic health condition.<sup>9</sup>
- The average Canadian will live a decade in sickness, disability and immobility.<sup>10</sup>

<sup>9</sup> Sun Life Canadian Health Index™, 2013.

<sup>10</sup> 2013 Report on the health of Canadians, Heart & Stroke Foundation.



#### DID YOU KNOW?

Coverage for medications and other health-care services varies from province to province. Depending on the choices you make about your care, you may need to cover some of your health expenses.

Life's brighter under the sun

