

The Risk of Longevity

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The good news? Retirees are living longer. The bad news? Many may not be planning for it financially.

The Social Security Administration provides an Actuarial Life Table that estimates the average man living to 65 will make it to 82, while the average woman will make it to 85.¹ That's not quite 30 years, but this isn't an area where you want to estimate low. Here are a few considerations:

Begin Saving Early: It's crucial to start saving for retirement as early as possible, even more so than previous generations.

Postpone Social Security: For every year you delay collecting beyond your full retirement age your monthly payouts can rise by 8%, up to age 70.²

Maximize Catch-up Contributions: As you get closer to retirement, consider catch-up contributions. These allow older savers to add extra amounts to tax-advantaged retirement accounts without surpassing Internal Revenue Service (IRS) limits.

Consider Delaying Retirement: A few more working years can mean more contributions and potential growth for your fund.

Gradual Retirement: Transitioning into part-time roles can provide supplementary income and an engaging lifestyle.

Prioritize Healthcare: Longer lives often mean higher healthcare costs. Planning for these expenses, including insurance options, is essential.

Adjust Investments: While nearing retirement often involves conservative investments, maintaining growth-oriented assets may be suitable for those looking at 30 or more retirement years.

By proactively planning for a longer life expectancy, retirees can be better prepared for financial uncertainties in their golden years.

Sources:

¹“Actuarial Life Table.” Social Security Administration, 12 Apr. 2022, www.ssa.gov/oact/STATS/table4c6.html. Accessed 9 Aug 2023.

² Carlson, Bob. “Here’s More Evidence In Favor Of Delaying Social Security Benefits.” *Forbes*, 24 Feb. 2023, www.forbes.com/sites/bobcarlson/2023/02/24/heres-more-evidence-in-favor-of-delaying-social-security-benefits/?sh=3fcf61166e96. Accessed 9 Aug. 2023.

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