

FINANCIAL SERVICES

## Wealthy investors adjust financial plans for longer life expectancy

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*Wealthy investors are planning to give away their wealth to heirs during the lifetimes. Image credit: Gucci*

By SARAH JONES

More than half of the world's wealthy are confident they will live to be 100, but this belief in longevity is causing anxiety about their financial futures.

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According to a report from UBS, affluent investors are concerned about being able to afford healthcare as they age. As consumers look ahead at a longer life, nine in 10 are changing their financial plans and spending habits to account for more years.

"Wealthy investors are adjusting their financial holdings to take into account longer life expectancy," said Sameer Aurora, managing director of the client strategy office at UBS, New York. "In our ongoing research over the past few years, we have seen a shift towards investors staying invested in equities longer, as they get older.

"Consistent with this trend, this issue of Investor Watch highlights that nine in 10 wealthy investors globally are taking steps in response to increasing life expectancy such as adjusting spending habits and financial plans, and allocating their wealth to long-term investments," he said. "In addition to real estate and equities, cash surprisingly rounds out the top three asset classes for long-term investing."

For its research, UBS surveyed more than 5,000 investors in Germany, Hong Kong, Italy, Mexico, Singapore, Switzerland, Taiwan, the United States, the United Kingdom and the United Arab Emirates.

### Living longer

Across all respondents, 53 percent said they anticipate seeing 100. Germany was the most optimistic, with 76 percent expecting to become centenarians.

In contrast, those from the U.S. were the most pessimistic, with only 30 percent believing they will make it to 100.

With longer life expectancies, affluent individuals also have increasing financial concerns. The top worry is the rising costs of healthcare, noted by 52 percent of respondents.

Nine in 10 of those surveyed say that health tops wealth as a priority, with many choosing to invest in wellness rather

than seeking financial growth. Millionaire investors would be willing to part with up to half of their assets for 10 more years of life.



*Affluents focus on wellness and health. Image credit: Technogym*

These individuals are also likely to attribute their physical health to their financial position, with 92 percent believing that their financial standing has made them healthier. Wealthy investors put money into gyms, preventative care and supplements as they seek healthier lives.

In addition to healthcare expenditures, investors are also anxious about not being able to leave as much for their heirs. One-third say they are concerned they will not be able to keep up their lifestyles in retirement.

Two-thirds of respondents are already working past retirement or would consider extending their career to be able to continue their way of life.

Many affluent investors also equate working longer with maintaining a healthy life, with about three-quarters believing that work has a positive outcome on well-being.



*Affluents are planning to keep working after they could retire. Image credit: Thomas Pink*

As the wealthy prep for longer lives, they are planning their finances accordingly, with 91 percent changing their strategies to account for more years. Some are altering spending habits or moving assets to more long-term investments.

Legacy planning is also shifting with greater life expectancy. Almost two-thirds of investors say they will give away

most of their wealth during their lifetimes, allowing them to see heirs enjoy and use the inheritance.

#### Care and conflict

In addition to spending on their own healthcare, wealthy individuals spend on their relatives.

When it comes to healthcare, affluent caregivers look to see that their families are taken care of properly, spending twice as much on loved ones compared to the industry standard.

A report from Merrill Lynch and Age Wave that looks into high-net-worth individuals and their caregiving habits showed that 86 percent of affluent caregivers are responsible for their loved ones' investments. Affluent caregivers are more likely to take care of insurance claims, file taxes and monitor accounts compared to non-affluent caregivers ([see story](#)).

The increasing longevity of human life is unsettling traditional notions of responsibility among high-net-worth families, according to a new report from Bank of America's U.S. Trust.

U.S. Trust surveyed 800 high-net-worth families and noted some stark changes and disagreements between young wealthy individuals and older ones. These conflicts mainly took the form of what kind of investments they are interested in, their attitudes toward charitable giving and the new problem of multiple generations competing for the same jobs ([see story](#)).

"As much as investors look forward to living 100 years, the prospect is creating anxiety for them, too," said Paula Polito, global client strategy officer and group managing director at UBS.

"Despite being wealthy, they still worry about difficult choices they may face, such as spending a portion of their children's inheritance to pay for healthcare, or working longer to sustain their lifestyle over time," she said. "Already, we are starting to see longevity change long practiced financial behaviors."