

Episode 123 The Importance of Long-Term Care Planning in Retirement

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SPEAKERS

Bob French, Alex Murguia, Wade Pfau, Neal Gordon

Bob French 00:00

The purpose of retire with style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to risaprofile.com/style and sign up to take the industry's first financial personality tool for retirement planning. Who wants to talk about long term care? Okay, you might, but not many other people do, and it's a really important and complicated conversation for a lot of people and their families.

Alex Murguia 00:55

Hey, everyone, it's Alex here. Welcome to retire with style, with myself and Wade Pfau and Hi everyone. And today we have a guest, a returning guest, Neal Gordon, to help us with this long term care arc. But before we begin, Neal, do you want to say your hellos and give a little bit of information about yourself.

Neal Gordon 01:21

I do. Thank you. I appreciate you both having me back on again again. My name is Neal Gordon. I'm the president and owner of Gordon wealth planning. I have a boutique retirement planning and wealth management firm, and long term care is certainly one of the topics involved in retirement planning that is key to being able to try to enjoy a successful retirement. Been doing this now almost 15 years, and it is amazing how this industry has changed, how everything has evolved, but just getting people to plan ahead is still the number one challenge to make sure people are prepared.

Alex Murguia 02:04

Excellent. Now. And with that, Wade, why don't? Why don't you begin the the discussion? Because, you know, we do want to talk about the policies, but we didn't know if it was better to have a little preamble before or a postscript afterwards. So wait, I'll let you handle the question.

Wade Pfau 02:21

Yeah. I mean, I think a little preamble could help, because we some of these preambles we've done on previous episodes in our dry, academic tone. But I think Neil, you can add a lot of color about just how important Long Term Care is, how people don't like to think about their own morbidity, and what may happen, how this is really a women's issue, if you want to just give us a little bit of background on that, and then we'll really the focus. We want to dive into different types of long term care insurance policies, both traditional and hybrid. And I know you've got a lot absolutely with that.

Neal Gordon 02:54

So it is, as I mentioned, I think this is possibly the most emotional topic, and money and planning is certainly that way. I found it when people talk about estate planning and life insurance, and they have a hard time dealing with that, their mortality and so forth. But then, when it comes to long term care planning, anytime, if you've ever walked through, if you've helped your parents, if you've walked through any sort of facility, whether it's just a senior home or nursing home or any of these facilities, you notice many things, and the last thing anyone wants to do is picture themselves needing that care. We all have this image we're going to be strong and great and healthy forever, and that's not the reality of it. So getting people to think about it and plan for it, and it just doesn't mean the insurance or the funding. It's what plan do you want going to care for you? Who do you want involved? What things do you want to have happen? It's partly that talk that your kids should have with you. But again, they don't want to have that talk, and you don't want to have that talk because you're turning into the child, and they're turning into the parent. So from all of those aspects, getting people to have these necessary discussions is difficult. More people are doing it, but it's it's not just a financial discussion. It is, what do you want your life to be when it's not in the most pleasant form? So making your choices now seems to be a better way to go, at least, I try to convince people of that.

Wade Pfau 04:31

And with demographics too, in many cases, it's it takes a long time to work its way through the population, but as people are having fewer children, just informal caregiver options may not be available in many cases, as well as who's going to provide the care in a paid setting.

Neal Gordon 04:50

Well as as as things have worked out. I used to make the joke. Unfortunately, it's still true. Now your best long term care plan is having a daughter or more than one. I heard some daughter in laws women, it tends to fall the caregiving duties fall on women more than men. But this goes back 10 years when I really started getting into that as part of the practice is they used to quote that there were seven family members available for every adult who might need care. In 2030 it's going to go down to about four to one. And in 2040 it's going to go down to about three to one. And that's only on I've never heard

Alex Murguia 05:32

this, by the way. Have you come across this price? What's right this? Have you come across this like, I think it's fascinating, seven to one. Now it's four to one, soon to be

Wade Pfau 05:43

Oh, that, yeah, just demographic ratios of older people, family members.

Alex Murguia 05:49

No, that's interesting.

Neal Gordon 05:51

It's actually scary, is the way I put it, yeah. And then the other aspect of demographics is, who's you see these facilities opening up all the time, Wade or Alex. When you're in Florida, I'm sure they're opening up more and more. Even though Florida has a lot in New Jersey, we have a lot of facilities continuing to open. Where are the employees going to come from? These are not the high skilled jobs all of them I've dealt with parents, mother and mother in law, in rehab facilities and different facilities. And it tends to be a lot of people who will come to this country and do jobs. Sometimes people here don't want to do so this actually gets into some of the arenas. I don't want to make this political in any way, but the unskilled labor tends to come from from immigrant families who want to be here and have a part of the American dream. So there is a component there that our immigration system will play into our long term care system, and that is up to elected officials, which is a scary thought,

Wade Pfau 07:04

right, right? The alternative, too, is just robots. I think that's been a trend in Japan is trying to develop robots to be long term caregivers. But whether that's really the only option outside of humans, and we just don't have the humans in the country, increasingly, in the future, to provide this type of care. So it's a great point

Neal Gordon 07:24

so, and if you think about it as well, even giving care at home and providing the different levels of care and the daycare it is, it is just a numbers game. A lot of this that I follow comes from David Kelly, who was always one for JP Morgan, who always talks about housing starts, household formation and just the law of large numbers in this case, are things that are going to be the trends that we have to consider, and it affects the long term care services area. Yeah.

Alex Murguia 07:58

So this guy, David Kelly, he wrote like Ali mcbeal and all those things. That's it. He's also writing about, oh, that's a different I'm sorry.

Wade Pfau 08:07

I'm sorry. Could be a different

Neal Gordon 08:07

one. They, they get confused often.

Alex Murguia 08:13

So Neil, how do you bring up the conversation to your clients, either about them, their parents, or about themselves, about thinking about this sort of next stage, and it's always

Neal Gordon 08:27

part of the conversation, in a way, that's that, that's just from the information gathering side. You want to talk about longevity in the family, you want to talk about their experience. So whether it's the 60 year old, what was happening, or what is still happening with their parents, and how is that going? And you sort of use that as a basis to start that end of the conversation of, How has

that worked out? They living with you. What was the end of their life like in what situation? And kind of try to direct it towards the the end of you know, have you given thought to that? How would you like things? How has that experience shaped you and your thoughts? And it's really interesting in the respect that two recent cases that I'm working on, one completed in January one that's finally an underwriting should be done. Both of those were, one has the parent. One woman has a parent currently in long term care, and she had insurance. I don't know how they weren't even sure how it happened. She hasn't and she saw the value of it. Another person, this gentleman, unfortunately lost his wife, and he just saw what was going on and that there's also no one in his family to take care of him. But I've also had the situation where I was the advisor on mom's account. Never met her. The son with POA came in. We just set up an account to do to an account to do a. Uh, sorry, we set up an account for just to spend it out because she was in a long term care facility. And this gentleman was retired, or was it was nearing retirement, was single, had a son who had some special needs. And I finally met mom at the wake, unfortunately, but after that said, you know, you're 58 let's, let's think about what you're going to do. And his immediate response was, I'm going out in the woods and you'll never see me again. And the visceral response from him, having been through this and knowing the expense and knowing he needed some help to take care of himself, it was just to turn off and shut down. So it is best brooch very lightly and take the temperature of the people you're dealing with, because it is just a difficult subject, and bringing it up with children is, if you're going to be helping mom and dad, have you talked about it? Is this part of things? How would they how do they react to your to your inquiries about this? Everyone's different. There is no playbook on this.

Alex Murguia 11:20

I buy that one of the things we mentioned in a previous podcast is it came up that I, you know, I ultimately had to guide my parents, and I've got two sisters, very supporting, etc, but it just happened to fall on me. But one of the saving graces that we had is, like the poas, the power of it, you had said, POA, the power of attorney was already in place while my parents were with it, you know, like we did this, like, 15 years ago. I think that's important from a best case scenario and from a worst case scenario. Why it is, do you want to so, you know, folks heard me say that, but I think having an advisor, you know, with you know, who's on the streets every day. I think they would benefit from

Neal Gordon 12:07

hearing it. Is one of the first conversations I have with people. And from a planner standpoint, it's one of the first things that they have to do. I can get all the statements I want. We can work on their plan. But if they don't, all the money in the world will be wasted if there's not an estate plan and actual plans in place. I try to put it to people in very simple terms, make your choices. Why do you want to let someone else choose for you who wants to when you have the capacity to do that? Or put it in the other terms of, if you don't make a plan, you'll always get the government plan. And I try and make the government the bad guy, but there's plans in place when there's no estate, when there's no medical, there are contingencies, but they are usually the last resort for what people should have.

Alex Murguia 12:56

Yeah, but I'm even coming at it from from the extra angle of, if somebody doesn't like, let's say my kids, right? I I'm getting older, and if I don't like, decide to have a POA, you know, with one of my kids, I can make their life immeasurably worse if I need care, because it's no longer, it no longer becomes a decision that they can speak for me, you know, by proxy, it now it's war and

Zema, and you got to bring lawyers, guns and money to get everything resolved. And that's the last thing

Neal Gordon 13:28

the estate attorney, they will make more money off of unprepared estates, ones where there is no activity, they've got to go to court. And I tell people, if you pass, it's a mess emotionally, but if you want to leave a real mess, don't leave any papers behind it. Oh, by the way, I think I spoke did say this. My father did die without a will, and my mother got the insurance money, and his wife at that time did not, and my father was a lawyer, so you don't, I don't have to go far, yeah,

Alex Murguia 14:02

yeah. And I'm not even getting but I'm not even getting into it to the point of even dying and dealing with them as I'm even getting to it with healthcare decisions while they're alive. And if they don't have any more mental capacity, somebody needs to make the decision for them. But if no one's been assigned, now it becomes like committing and then

Neal Gordon 14:20

throw it back on you. Those are the same documents that your sons, who are now 18 but are going off to college, because the college will make them sign everything so you can find out grades or everything else, they'll let you pay, but they won't hit the laws and all other privacy laws. So I still have the poas on my children, and one's married and one's not their adults, and I don't want to ever use them, but they're sitting in the safe you need to do that stuff. So yeah, it's, it's, it's all about the tough conversations, all right.

Wade Pfau 14:58

I mean, that's a great point. And, yeah, that's, I think, also a great lead into really what we want to discuss. And you mentioned the government plan, ultimately with long term care, that's Medicaid, you can self fund. But really want to do the deep dive with you about long term care insurance, both on the traditional side and on the hybrid side. And to start even just with defining what these terms are, but then, as much as possible, just hearing your experiences about how some of these different policies work, what to look for with different policies, if you have a preference, is traditional long term care still on the table, or is it primarily hybrid, just the whole world of long term care insurance and what you have, what you call in

Neal Gordon 15:43

20 minutes, and yeah, not a problem. So I will admit, I've never written any traditional long term care policies. Those are the what people normally look at as you're paying a premium every year, you have a certain amount of benefits. And when I got into the business. People were really having difficulty with those. Genworth and some of the other well known companies were having trouble, from the way I understand it, part of the problem of their mispricing was they were using their own experiences on the actuarial side from life insurance and life insurance term policies either mature or people drop them before they ever pay out. There's about a four to 5% level of where these policies never pay out a penny, and they tried to use that for estimating what long term care insurance how it should be based they then found out once somebody who had enough motivation to get a policy, they never give them up if they were compelled enough, because most people don't have long term care insurance, but the ones who had it wanted it, loved it, kept it, never got rid of it. So those policies became very difficult under price, they were not guaranteed benefits, and people were getting letters. We can do one

of two things, you can pay more in premium, or you can lower your benefits. And that did not make people very happy. They were just not guaranteed. So they weren't designed well in the industry figured that out. It's now moved on to how I describe as a spectrum of available products out there. It's from reputable insurance companies, well known names that I can mention, I guess a nationwide and Lincoln Securian with Minnesota life one America and they they have built them, as many of them as guaranteed policy, guaranteed premium, guaranteed benefits. Some of the benefits can also have insurance or inflation riders attached to them, which I am very much in favor of, because when you buy a policy at 55 years old, you want the inflation on there because you're looking to insure against an issue. At 80 years old, you're not likely to have a need early. They're typically built on what they call a life insurance chassis. It could be a whole life policy. It could be a UL, a guaranteed universal life policy. But these are basic, guaranteed policies. You know what you're gonna pay. You can pay in a lump sum on some of them.

Bob French 18:29

Are you getting close to or are you in retirement? Well, investing during retirement is a little bit different than during your working years. Your investments are there to help you pay for retirement, and now is when they need to earn their keep to make sure you're on the right track. Download retirement researchers eight tips to becoming a retirement income investor by heading over to retirement. Researcher.com/eight tips again. Get retirement researchers eight tips becoming a retirement income investor by going to retirement. Researcher.com/eight tips. That's the number eight tips.

Wade Pfau 19:08

Neil, if I can try to summarize what you were saying, I think with the traditional long term care insurance, there were these large premium hikes that people were experiencing due to the mispricing around not realizing how, people would hold on to these policies. I think also low interest rates were a factor there. And so one of the benefits of these hybrid policies that you started talking about is that you don't have that risk of premium increases. You mentioned they're guaranteed. I think another aspect of traditional long term care insurance was this idea of use it or lose it, where you pay these huge premiums for years, and then you may never get any benefit, and that's also something that these hybrid policies solve for. Now, you mentioned some different companies, and just be clear, that's really just explaining what's out there. It's not an endorsement of any particular company with that. But then in that regard, okay, so Well, you mentioned whole life or Universal Life. As a chassis. How does Long Term Care get integrated into life insurance? As an example of a hybrid? So

Neal Gordon 20:09

it the way they work is they are specifically tuned or designed to provide the benefit to the long term care service that somebody may see, as long as somebody can't do two of the six acts of daily living. So what they do is they add an additional, what they call a rider, which is an option that says, instead of the premium and the payments and the the the cost of insurance, going to a benefit where people get leveraged by \$100,000 of life insurance for \$10 a month. Bad example. But you get the leverage. What they do is, instead of it being towards a death benefit, they put it towards the benefits that you might need for long term care services. So it is not typically the most extreme end of the spectrum has very strong long term care benefits, and there is a component that's a life insurance, God forbid you never use the money, or even some of them have a return of premium, say, I quit, something is going back to your beneficiaries.

Okay? And then so those are the hybrids that are really the strongest for long term care benefits less so are policies from companies that are pretty good life insurance, and you buy a rider along the way, not specific or specific for long term care, but it's a life insurance policy with an option, and those provide some long term care benefits and are better for life insurance. And then there's even, as you've discussed before, life insurance policies that have accelerated death benefits, chronic care riders, where you're even able to have use some of the death benefit from a life insurance policy, which, again, it's more life insurance, but it has some benefits to it. So there is just this spectrum of products out there. What's gotten interesting recently, most of these hybrid products were guaranteed. Here's the premium, here's the payment. That's it. It's a table. You see it, and the words guaranteed are all there. A couple companies have gone to utilizing index investing. They're adding probability in. Instead of being safety oriented totally, they've taken they give a minimal guarantee on it, but they've added a component of investment, where you can use index investing, which has a good opportunity for growth with a minimal opportunity, or no opportunity for loss except the cost of the insurance, and then ratchets, similar to what's used in annuities flooring, so that when it grows, There's an anniversary level. They lock in a new level for your services. Should you ever need it? That growth is still your own equity. So there's this investment growth component that you say, I don't need the long term care services. I want my money. It hasn't sat in an account doing nothing. And then recently, one company has come up with an investment scheme based on funds, index and ETF funds, as well as mutual funds, and that one has very decent opportunities for growth. And again, should you never want to use that money? You have it for long term care. You didn't need it. You're leaving it behind. There's a growth capacity, and the cost of the insurance has not eaten away at the investments. If the investments are good, they was talking to the person today that they have a an allocation that's available for 8020 of equities to to fixed income. So what that gives you is an opportunity to talk to people who said before their probability based, when we relate it back to Risa, they they like the reward of the market and are willing to take the risk because that's how they feel about it. Because the other products that are straight, premiums that are fixed and benefits that are fixed, well, that's a safety first kind of person. We're taking their bond money and instead redirecting it most likely that is available cash. The investment side looks at those people and says, we can. We can put an insurance wrapper for long term care benefits around some of your investments and still have them potentially available for you.

Wade Pfau 24:46

Maybe talk about that a little more too, because with probability based the kind of natural inclination maybe more to self fund rather than use insurance. But really, you're talking about a way to leverage if you do have a long term care event. Leverage those dollars and get a lot more out of those dollars. Well,

Neal Gordon 25:03

you got, you got a couple different benefits, and this, it's an interesting prospect. I have not written one of these policies. I am investigating it, and I'm hoping some very smart retirement researchers will will do some, some more back testing, because nobody got time for that. I know. I'll call David Blanchette. Good luck.

Wade Pfau 25:25

He'll crank something out in a day. Yeah.

Neal Gordon 25:30

So the benefits to that number one, if you're self funding, taking a portion of your equities and directing it towards this, but still maintaining, I mean, an 8020, portfolio allocation is pretty aggressive, but now what you get? Number one, you mentioned that word leverage. There is always leverage to these insurance policies, some better than others, but you have a leverage of x times your actual dollar amount that is available for the benefits. Number two is, it's tax free, okay? And so there's this component of it that I'm almost looking at it as a, as a HSA for long term care, HSA obviously being the most tax efficient kind of account we can ever get out there. Well, for long term care, you can put after tax dollars away, but if they grow, your long term care benefit is tax free. That's tremendous, as opposed to pulling down from a taxable portfolio one way or the other. It's also still a way to protect against sequence of returns and some timing issues too, because again, you have a growth component that has a flooring capability that lock in that on an anniversary date, oh, you've reached a certain level, we're going to make that your new floor. So that's something that's interesting. And then, from the standpoint of wealth transfer, with a typical hybrid policy, okay, you put in 100,000 your children or your heirs may get 100,000 put in 100,000 to this as an investment, or even over time and with market conditions, if you're so inclined, you have a wealth transfer product that, again, insurance based tax, tax freedom, leverage. So there's a lot of benefits. I'm interested in it, especially for those clients who really are the self funders, because they think they'll invest their way through long term care.

Alex Murguia 27:29

Yeah, I'm trying to again. I'm listening to you. I have some knowledge about this, but not too much, and I'm listening and I'm thinking, okay, and I'm trying to, again, as always, I try to put myself in those seats. What if someone is listening to you and they're thinking, Well, okay, so it's an insurance product that, instead of giving me a payout that I can do whatever I want with it, the payout is the writer, you know, a living benefit, instead of a living benefit that I have it to do whatever I'm not hearing a lot of differences, other than the living benefit is not called the Living benefit. It's just called use it to pay for long term care. What would they be missing in that kind of quick and dirty interpretation? Because the argument is, why get a hydropology? Why not just get a regular annuity that has a nice payout, and they use that payout to pay for long term care. Well,

Neal Gordon 28:23

there's a couple reasons. Number one, exactly the annuity payout is not near what the leverage of long term care insurance is. That is a big difference. Okay, so that's, that's part of it, you know. And there are annuity income products where they'll double your income for a while, but that's you. They are not tuned specifically for this. There are qualifications and design issues, and

Alex Murguia 28:50

there's different actuarial con things that they need to figure I get it. I just want the someone thinking, Aha, I gotta work around. Not so fast. You know, kind of thing is what I want to get at. Well, the insurance

Neal Gordon 29:00

companies beat you to that thought, or have included that. So there are, there are those products for those people who cannot qualify for insurance, because the bar for these is kind of

high. You cannot have a lot of pre existing conditions, yeah, some medical high blood pressure or cholesterol kind of things. But if you've got events, you get underwritten, they do. Kate, take people who are who are cured or in remission of cancer. So you know that there is a lot of room in there, but still the in the annuity products out there are not as lucrative for long term care benefits as as these

Alex Murguia 29:37

are. That's exactly what's getting at no and going back to your underwriting, we had a client, long time client of ours, husband and wife, and we recommend this is probably kind of when I got in, 20 years ago, maybe around that time period the husband or wife went in for underwriting, the husband did not get it, and that was the entire. Until we wanted it for doesn't like get it because he was a recovering alcoholic. Whatever reason they didn't do it. They did it for the wife. Literally, eight months later, the wife has a fall in the house, and she's in long term care facility 10 years. Yep. You know, it covered everything for her, but it was like one of those things that was the underwriting made me think of it. He didn't get it, and that's what we primarily wanted it for. But then it ends up, the wife got it, and she ends up using it. It was kind of, you never know kind of category, but

Neal Gordon 30:32

never, never listen insurance. I tell people, when you don't use it, the premium stink, most expensive thing you can get the second you have a claim, it was the best decision you ever made. No,

Alex Murguia 30:48

I got you. And so then, and this is a question maybe for Wade, what does Neal mean when he said it's a chassis of universal or whole life? Because we haven't really talked about insurance per se in this manner. We've talked about annuities insurance, but not like this. So what does that mean? Way,

Wade Pfau 31:09

it's a good question. It's a term that gets used in the insurance world. And it may not always be clear to people who are not deeply embedded in the insurance world, but it's really it's when I say you're using a whole life chassis, it really just, Neil, correct me if I'm wrong, but it means you're taking a whole life, life insurance policy, and you're building long term care into it. It's, it's like a car has a chassis, right? That you're just

Neal Gordon 31:35

as you'd imagine. And this is just, you know, what is the body style you're putting on the wheels in the engine. So conceptually, the visualization on it should be pretty good, but yeah, and I'm just as guilty as using too many terms of our industry. So you know, it still comes down to with all the different products and solutions. There's nothing perfect, because it's totally unpredictable. Part of this is, what are you going to need? How much, how long? How much is it going to cost, if you'll need it, and then how you feel about it? Because there is one company that provides lifetime benefits. It's a lifetime pay product, guaranteed premium, guaranteed benefits. And they package it up for a couple. It's probably one of the more efficient and you know, benefits, effective policies for a couple, especially if there's

Alex Murguia 32:37

a standalone or is this one of the hybrids you were talking about it?

Neal Gordon 32:41

It is. It is again, built on an insurance platform, so it is not the body, but it's not quite the same hybrid, because you are paying lifetime but they have lifetime benefits. They have lifetime benefits. They will pay for whatever amount you're guaranteed for in the benefits, for how much you purchase, but they'll pay forever. And that means, if somebody's, you know, we got to consider that all of our experience now is based around, you know, men need two years, women need three years in 20 years. Is that what they're going to be saying about me? Yeah, you're right, and

Wade Pfau 33:16

that's important too, because with traditional long term care insurance, it used to be that you could get lifetime policies that were, of course, incredibly mispriced, but that's pretty much gone away entirely, that it really may become unaffordable to get more than two or three years of coverage, but you do still find on the life insurance side, the ability to get lifetime coverage in some cases. It's interesting

Neal Gordon 33:38

now one friend of mine a couple years ago, probably the first person ever bought Long Term Care Insurance from me in my age group, but she knew she would probably end up needing coverage for later in life, because her her abueli Abuelita just turned 101 and her down in Miami, and her daughter, my friend's mother, takes care of her. And my friend's mother is in her 80s, so there's some longevity going on there. And that policy that that 5% inflation on that policy will be worth a whole lot at 100

Alex Murguia 34:18

okay? And then, you know, just to wrap this up a little bit, what decision tree goes in your head when you're thinking about and then the answer is, No, I can't do that in five minutes or less, and that's fine as well. But what what generally goes through your head when you're when you're thinking about what road to go with as someone's explaining your situation or their situation to you, are there any immediate tells that you're like, Oh yeah, we're gonna have this chassis and we're gonna look into these kind of levers or or there isn't there. There's

Neal Gordon 34:51

not it is. Still, my philosophy is sort of try to ensure, as a supplement, you can't. Insure against do you guys gave the numbers of what those were? Tell everybody don't move to Alaska. But the idea is to try to find a number that's a supplement to what they most likely will need. Men, two years, women, three years. And you know, it's try to find that number that at age 80 or 85 will be a good starting point and supplement to what we think will be left over in their portfolio at that point. Okay, as well as it's a long term the product. You

Alex Murguia 35:37

end with a product.

Neal Gordon 35:38

When do you ever start with a Yeah, I

Alex Murguia 35:41

just, I'm trying to paint a directional image for listeners. I fail that

Neal Gordon 35:46

test that has Dr Pfau's name on it pretty quickly. Wouldn't I start with product, right? That's not on the ricp and I've been studying for weeks now. So need Yeah, so did solving for

Alex Murguia 36:06

there's an important folks are listening, thinking, Okay, what do I look at next? What do I look at next? And it that's it's not, it's just no one's gonna tell you that. If they do, they're kind of selling something. It starts with what you what you've been saying, the context of this situation. This

Neal Gordon 36:22

is the most difficult of any of these things to solve, because it's got the added component, and again, life insurance, it's a definitive black and white issue. This is shades of gray that may never occur so and then you involve people in their feelings, tough one, the biggest problem is for people with 300,000 maybe 500,000 to two or two and a half million as a net worth, they're the ones typically the most at risk, because they have a lifestyle based on their their income, and they can get wiped out. Somebody under 500,000 is not going to be able they're self insured, and it's Medicaid, and we plan around that. They just that's the nature of it, and somebody with more than three to 5 million most likely has the resources to self insure. Yeah,

Alex Murguia 37:14

it's the mass affluent that are probably in trouble because their net worth is at risk, because for them to draw down all the way to Medicaid, that's a lot of money, but it can be done.

Neal Gordon 37:26

They're not rich enough, they're not poor enough. Yeah,

Alex Murguia 37:29

I got you. That's a good point.

Neal Gordon 37:33

It's a tough point. Okay,

Alex Murguia 37:33

Wade anything to take us home.

Wade Pfau 37:37

I think that's great. And, yeah, thank you so much, Neal for walking us through some of these different policies. It's really a tough area, an active area of always keeping on top of what's happening. So thank you for kind of filling us in on that world today.

Neal Gordon 37:51

I appreciate it. I'm just trying to make the 2024, best of podcast. I didn't make it for last year,

Alex Murguia 38:01

not with this contribution

Neal Gordon 38:10

sweater out exactly, that's it? No, I

Alex Murguia 38:13

think you did a great job. I think the idea here is just to give folks, you know, they're trying to solutionize everything, like, what do I get? What I get? And, no, not really. Let's think about all the issues. There are things out there. It's evolved like how you just said. So you know, we need to find the right fit based on your situation, but you're pretty confident. I would think at this day and age we can find the right fit, but it depends on variables that we just need to hash out for. This

Neal Gordon 38:38

one's alchemy. This one, it's real alchemy. I don't, I don't know if there's a certification for that yet.

Alex Murguia 38:45

Yes, you're spinning gold.

Neal Gordon 38:49

Well, that sounds easy,

Alex Murguia 38:52

yeah. Well, all right, Neal, well, hey man, and thank you everyone for listening, and we'll be back with more On retire with style.

Wade Pfau 39:01

Thank you. Neal,

Neal Gordon 39:02

thank you. Applause.

Bob French 39:30

Wade. Wade and Alex are both principals of McLean Asset Management and retirement researcher. Both are SEC registered investment advisors located in Tysons, Virginia. The opinions expressed in this program are for general informational and educational purposes only, and are not intended to provide specific advice or recommendations for any individual or on any specific securities to determine which investments may be appropriate for you, consult your financial advisor. All investing comes with a risk. Including Risk of Loss past performance does not guarantee future results. The