

# Financial assessment toolkit

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## Authors and contributors



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From Alison Benzimra, researcher and writer focusing on the synergy between wealth and health in retirement.

*'I am Alison Benzimra. I am a researcher and writer focusing on the synergy between health and wealth in retirement. My passion for active ageing began when I worked in senior wellness. However, it was during my master's research that I came to appreciate the critical role financial well-being plays in healthy ageing.*

*Older people told me that on the one hand they had to remain as healthy as possible as they could ill afford the increase in medical expenses yet simultaneously, they expressed their anxiety of outliving their retirement savings.*

*These challenges and concerns need to be placed within the context of our society.*

*South Africa is experiencing fragmentation of family, increasing urbanisation and migration and adult children unable to provide day-to-day support of their ageing parents. It is no wonder that people entering retirement, experience feelings of uncertainty and vulnerability.*

*Financial counselling at retirement needs to go beyond merely informing people of their annuity options. The financial services industry needs to take a holistic approach to guiding people when they no longer have the safety and support of formal employment.*

*This begins by providing financial planners with the skills to listen with empathy. This will enable them to have conversations with clients where trade-offs need to be made and where money alone may not solve the problem. It will help financial planners to understand the benefit of bringing the family into the planning conversation.*

*The concept of healthcare demonstrates the importance of integrating a client's health circumstances into their financial plan. Older people can anticipate that healthcare expenses and medical aid premiums could account for up to 50% of their monthly budget. However, financial planners and their clients need to be aware of out-of-pocket payments, the peripheral non-medical expenses associated with periods of ill-health and that the costs of care in later age will need to be self-funded.*

*Post-retirement planning is a dynamic process. Yes, financial planning is crucial, but so too are the factors which influence a person's social, emotional and physical well-being.*

*The challenge we face is that the current business model used in financial planning does not account for this. Nor are financial planners incentivised to assist clients who are vulnerable to poor health and income insecurity.*

*What is exciting is that Alexander Forbes recognises this and brought together different stakeholders from various sectors in a design sprint.*

*So now we have an opportunity to take the ideas that we prototyped in the design sprint and co-create solutions with people entering retirement:*

- > *Are people needing support in assessing their financial and health circumstances?*
- > *Are they needing assistance in developing their skills so that they continue to earn an income after official retirement?*
- > *Are they needing a framework to solve for their complex funding problems?*
- > *Or are they needing an integrative tool which ties all these elements together?*

*As I embark on my PhD journey, I am excited. Excited that my research will contribute to developing not just a solution but also a new business model that will encourage people to enter this wide-open advisory space.'*



Alison Benzimra

## Financial assessment toolkit

Out of Alison's team, we developed the financial assessment toolkit. Perhaps the most insightful contribution from that team was that financial planning in this space often needed to accommodate not just the individual, but the broader support group that might be required to provide all that would be required. You can immediately see the link to our collaboration toolkit.

Equally important to the financial adviser is that there is a dynamic feedback loop from the healthcare toolkit that allows the financial planner to refine the plan over time and potentially consider how to find other resources to address what would be required.

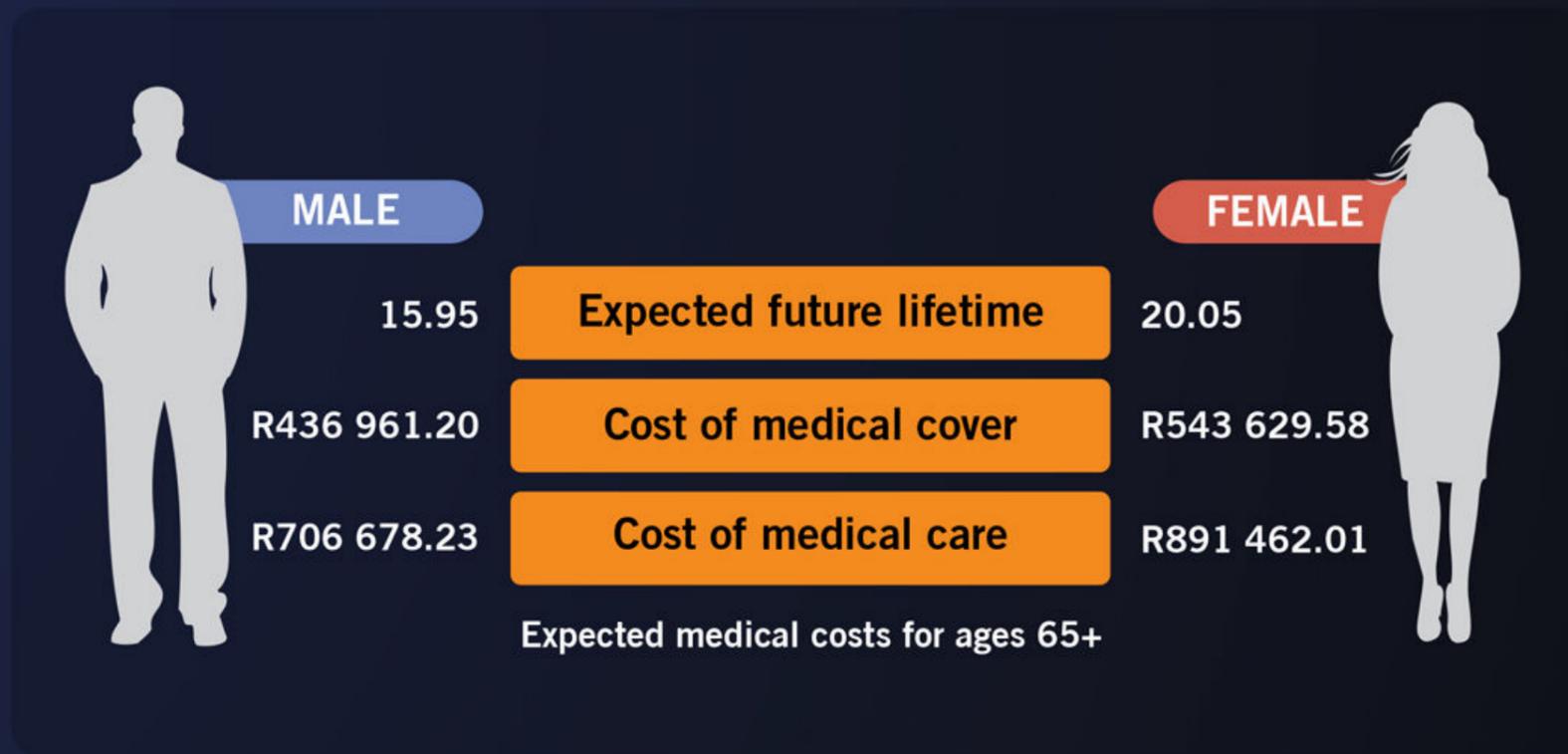
The point is, as one moves through time in this end-stage of life, the need for housing, healthcare, family or frailcare support are likely to change.



The price stickers on these necessary changes can be a real shocker. Clearly financial advice that focuses on choosing the right annuity at retirement only addresses a fraction of the issue.

While we know that for many South African families, the idea of sending an ageing family member out of the family home may seem unthinkable, we include the costs of frail care when and if it's required to remind people that at some point in our lives (assuming we are not hit by that proverbial 'bus'), we will need someone to take care of us. Even if you have a family member on hand to provide that service, keep in mind that potentially, by taking care of you they will likely be forgoing an opportunity to earn an income. So, one way or another, there is a cost of ageing to a family. Ontop of that consideration is the reality that taking care of family members with dementia is almost untenable in the home.

# Why maintaining medical cover is critical



## Capital needed for normal life expectancy

Rent in middle-market retirement village with 24-hour nursing



Stay in own home with 24-hour private home care



- MEDICAL EXPENSES
- POST-RETIREMENT EXPENSES
- CONVENTIONAL CARE
- INTEGRATED CARE
- HOUSING
- MEDICAL AID
- FINANCIAL PLANNING
- FRAIL CARE
- DEMENTIA
- WILLS AND BENEFICIARIES
- RECORD KEEPING
- FUNDING
- LIFE RIGHTS