

**Ask the right questions**

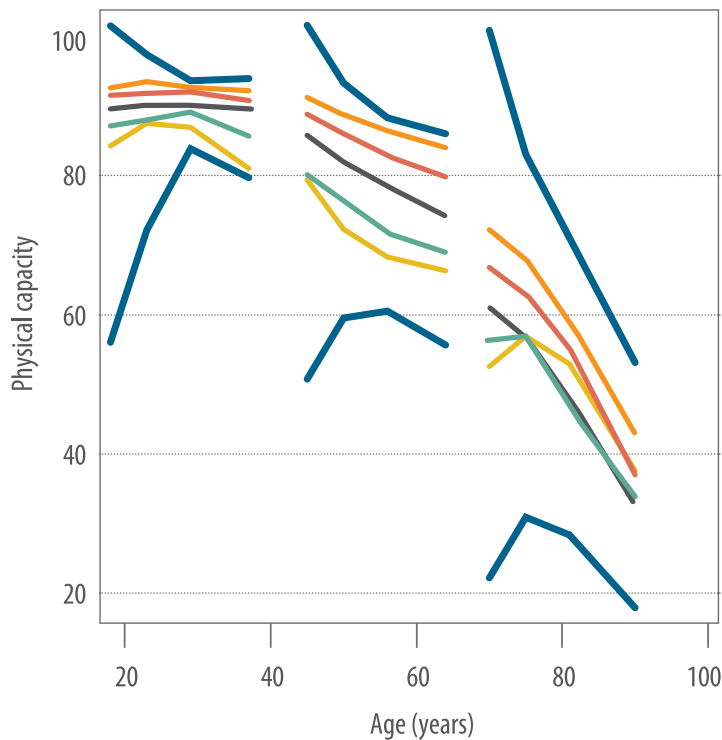
To a greater or lesser degree, the questions that need to be addressed in each phase focus on the same issues:

- Will I want to work, will I need to work, will I be able to work and, if so, doing what? Will I need to be reskilled?
- What would the critical financial questions and considerations for each phase look like and would I be able to meet them?
- Where will I live, with whom, and how will I pay for it?
- What basic protections will I need to continue to ensure I have a safety net (income, savings, medical aid, insurance, housing, transportation)?
- Who can I count on for help?
- How do I ensure that my voice will be heard when it's needed?

**Acknowledge that ageing is not a sickness**

Perhaps the best insight we can take on in regard to this part of our lives is that ageing is not a sickness – but getting it right is all about maintaining quality of health! Let's try to understand the relevant points here.

The World Health Organization provides a particularly effective way of illustrating why formulating a comprehensive plan around ageing is so complex. Using data from the large Australian Longitudinal Study on Women's Health, they are able to capture how dramatically differently individuals may experience the ageing process.



**Figure 12: Range of physical functioning over time**

- impossible to manage
- always difficult
- sometimes difficult
- not too bad
- easy
- range of physical capacity

Source: Peeters, G, Beard, J, Deeg, D, Tooth, L, Brown, WJ and Dobson, A. Unpublished analysis from the Australian Longitudinal Study on Women's Health.



Figure 12 illustrates that for any given population, the range of functioning increases within the population as we get older. The fact is, some 80-year-olds will have the same physical and mental capacities as many 20-year-olds<sup>2</sup>. So, what the graph illustrates is that when we are younger, it's easier to determine what sort of medical costs we are, on average, likely to incur. The older we are, the less precise that funding expectation becomes.

While the best predictor of how you are likely to fare during this period is the quality of health you've maintained over the course of your life, the fact is that even the smallest improvements to health habits at this point pay exponential dividends.

**Scientists have a much better understanding of what keeps our brain going. No, it's not blueberries or wine or brain games or sex. It's actually exercise. Value for money, nothing will add more to your life after 64 than exercise – not hectic, thrill-seeking exercise necessarily. In fact, the best exercise, to engage in is free: walking.**

That said, modern medicine has irrevocably changed the game around death and ageing. Estimates for developed economies such as the UK are that only about 20% of the

population will simply 'die in their sleep'. Another 20% will experience a relatively fast demise from stroke, heart attack or cancer. For the remaining 60%, the elderly could spend eight to ten years being seriously ill and debilitated until they die<sup>3</sup>. Gerontologists (specialists in the various aspects of ageing) call this an *epidemic of frailty*<sup>4</sup>.

For South Africa, the picture is slightly lagged but the trend is the same. Lifestyle diseases appear to be gaining traction fast and have become a significant factor in the spiralling costs of care as we age here. It is estimated that the accumulated losses to South Africa's GDP between 2006 and 2015 from diabetes, stroke and coronary disease alone cost the country \$1.88 billion<sup>5</sup> (R24.4 billion).

### Assess the costs beyond medical expenses

The problem with most of our assessments of the cost of ageing, though, is that the bulk of the analysis is focused on medical costs. We have a fairly clear idea of what medical aid cover is likely to cost individuals from age 65 through to their likely life expectancy. Equally, we know what that typically translates into in terms of the claims that need to be paid out by medical schemes over that period.

We also have a clear idea as to what happens to those medical costs during the four years preceding an individual's death<sup>6</sup>.

<sup>2</sup> World Health Organization. 2015. *World report on ageing and health*, p. 7.

<sup>3</sup> The Economist. 29 April 2017. *End-of-life care: A better way to care for the dying*.

<sup>4</sup> Harper, S. 2016. *How population change will transform our world*. Oxford: Oxford University Press, p. 82.

<sup>5</sup> *Benefits Barometer 2016*, p. 153.

<sup>6</sup> Ranchod, S, Abraham, M, and Bloch J. 2015. An actuarial perspective on healthcare expenditure in the last year of life. *South African Actuarial Journal 15 (2015)*, pp. 31 - 40.