

THE ESSENTIAL GUIDE TO BALANCING YOUR WEALTH AND HEALTH

COMPLIMENTARY GUIDE



“Man. Because he sacrifices his health in order to make money. Then he sacrifices money to recuperate his health. And then he is so anxious about the future that he does not enjoy the present; the result being that he does not live in the present or the future; he lives as if he is never going to die, and then dies having never really lived.”

- **Dalai Lama**

THE HEALTH- WEALTH CONNECTION

Wealth and health areas are often viewed as two separate entities. However, they are actually closely intertwined. There is a symbiotic relationship between maintaining good health into your twilight years and effectively planning and managing your financial affairs. Good health is undoubtedly the key to a happy, fulfilling retirement, whereas poor health has negative far-reaching consequences on your quality of life and family, as well as your financial security.

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INTRODUCTION

THE PRICE OF NOT CARING FOR YOUR HEALTH AS MUCH AS YOU CARE FOR YOUR WEALTH

ESCALATING HEALTHCARE COSTS CAN DERAIL YOUR FINANCIAL PLANS

According to the 2015 edition of the **World Wealth Report**¹, the top concern of HNWIs globally is their health and that of their family, with 66% of those based in the UK citing this as their biggest source of anxiety.

Unfortunately, not all affluent households have implemented any action to ensure that their financial plans yield sufficient assets to fund potential healthcare costs, particularly those associated with long-term care. This is often glossed over as individuals do not like to openly discuss their mortality or reveal the full extent of their wealth.

Indeed, an estimated 58% of all UK adults have not written a will, with levels of intestacy scarcely less alarming even among the affluent - who will naturally have far greater amount and complexity of assets to consider. It is natural to push thoughts of one's own

mortality to one side, however this ambivalence could cost you and your family dearly.

Private healthcare costs in the UK are rising meteorically: in the past decade the average annual cost of an individual policy has tracked up 40% to almost £2,000². There seems to be little choice however: without cover, those not wanting to rely solely on an overstretched NHS could face costs of up to £15,000 for an operation like a hip replacement. Health issues naturally come with a hefty price tag, and long-term care in particular often puts a deep drag on finances, leading to a huge disruption in retirement and succession plans.

Meanwhile, the introduction of a £72,000 government cap on care home fees which was set to come into force by April 2017 now looks in doubt. As a result, those with assets in excess of £23,250 could face bearing the full costs of long-term care at a time when fees are ratcheting up by 10% a year and the average annual cost already stands at £34,000³.

As more and more families are realising, failing to think about long-term healthcare well enough in advance can spell financial disaster.

"The costs arising from treatment of serious and complex conditions can escalate quickly. A carefully planned health strategy that employs health insurance along with preventative care and the latest advances in medical and genetic testing can result in a greater level of transparency and remedial action before any serious health issues can occur. Of course, the UK's world-leading NHS may still play a role even for wealthier individuals, but real peace of mind is knowing that you are taking a proactive, prevention-focused approach and have the necessary insurance in place to cover rapid treatment and long term care if something serious and unforeseen does arise."

- Daniel Atherton, Head of Private Client Services, Concierge Health

LONGER LIFE EXPECTANCIES AND THEIR IMPACT ON YOUR WEALTH PLANNING

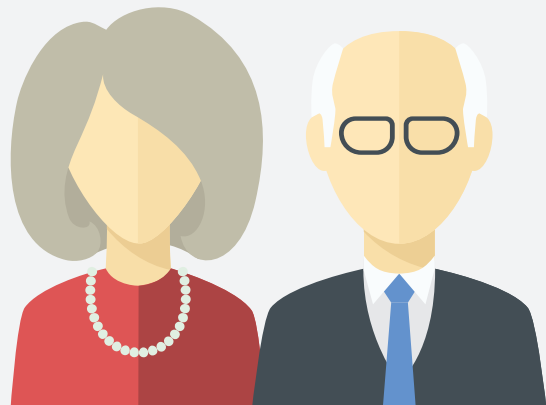
In 2014, life expectancy at birth in the UK was 79 years for a male and 83 years for a female. These figures are predicted to rise to 86 and 88 years respectively by 2030, with life expectancy for women to reach an incredible 100 years before 2060⁴.

Essentially, the longer you live, the higher of risk of you running out of money (financial advisors call this "longevity risk").

It is therefore imperative that individuals and families alike determine how best to provide for their financial health today and for decades to come through pre-emptive planning that encompasses the priorities for each life stage.

The adequacy of your estate and its structure need to be reviewed periodically in order to keep up with the changes to your wealth and health strategies, alongside the needs of your beneficiaries.

In 2014, life expectancy at birth in the UK was 79 years for a male.
By 2030, this is set to hit 86⁵.



NOT BEING PREPARED COULD SCUPPER YOUR WELL LAID FINANCIAL PLANS

Paying over the odds for your medical insurance and being underinsured is a real danger HNWIs face without adequate planning and advice.

At the same time, it is crucial for wealthy individuals to create advanced medical directives to instruct others about their future healthcare wishes and to appoint a person to make decisions related to your welfare if you are incapacitated. You should have a Living Will and consider putting Lasting Power of Attorney arrangements (for both health and financial affairs) in place well in advance of the time you might need them. Ultimately, this would help you save money, but it also gives your family peace of mind as they will know exactly what your wishes are.

MAINTAIN YOUR HEALTH & PROTECT YOUR WEALTH

A THREE-PRONG STRATEGY: PREVENTION, PROACTIVE PLANNING & PROFESSIONAL ADVICE

PREVENTION IS ALWAYS BETTER THAN CURE

Since the dawn of modern medicine, physicians have focussed on diagnosing and treating the symptoms of disease. However, a quiet revolution is now taking place, with more doctors advocating a pre-emptive and preventative approach to health. Tremendous strides have been achieved in this arena, especially in the early diagnosis and treatment of life-threatening conditions such as cancer, heart disease and infectious diseases. There has also been a call among a new breed of doctors – so called functional medicine proponents – for a more holistic and mutual approach to diagnosing and treating a patient in order secure optimal health.

Simultaneously, complementary medicine has taken root and has become more mainstream. This emerging branch of healthcare combines traditional and alternative medical practices to treat the mind, body and soul. Acupuncture, aromatherapy, Reiki, meditation, naturopathy and homeopathy are just some examples of the expanding range of options available for people who are proactively trying to enhance their health and to amplify the curative effects of conventional medical treatments.

Ironically, despite such advancements in medical science, an increasing number of people now suffer from poorer health outcomes due to sedentary lifestyles

and the scourge of obesity. Research has continually shown that there is a large gap between what is known about the most effective health interventions and what is actually put into practice by individuals.

Since 1980, the percentage of people worldwide considered overweight or obese had risen to around 30% of the global population or 2.1 billion people⁶. Indeed, there has been a 47% rise in the number of obese and overweight adults and more alarmingly, a 47% increase in children being labelled as overweight or obese between 1980 and 2013. Being overweight or obese carries substantial health risks such as cardiovascular disease, cancer, diabetes, osteoarthritis, and chronic kidney disease. In 2010, obesity was estimated to have caused 3.4 million deaths, most of which were from cardiovascular causes.

In the UK, 13% of adults are sedentary for more than eight and a half hours a day – a rate more than double that of Spain, Italy and Portugal⁶. Unsurprisingly, a general lack of exercise (along with poor nutrition) is having a profound effect on public health. With one in four British adults now believed to be obese, the UK already has the highest levels of obesity in Western Europe. Frighteningly, more than half the population are set to be obese by 2050⁷.

A person's lifestyle and eating habits are therefore strong indicators of both physical and financial health.

Accordingly, taking care of one's health is crucial if you want to ensure that all your financial goals are attained.

Altering your diet to eat more natural, unprocessed foods, exercising more regularly and taking time out to unwind are immediate simple changes that can be incorporated into a busy life to improve health.

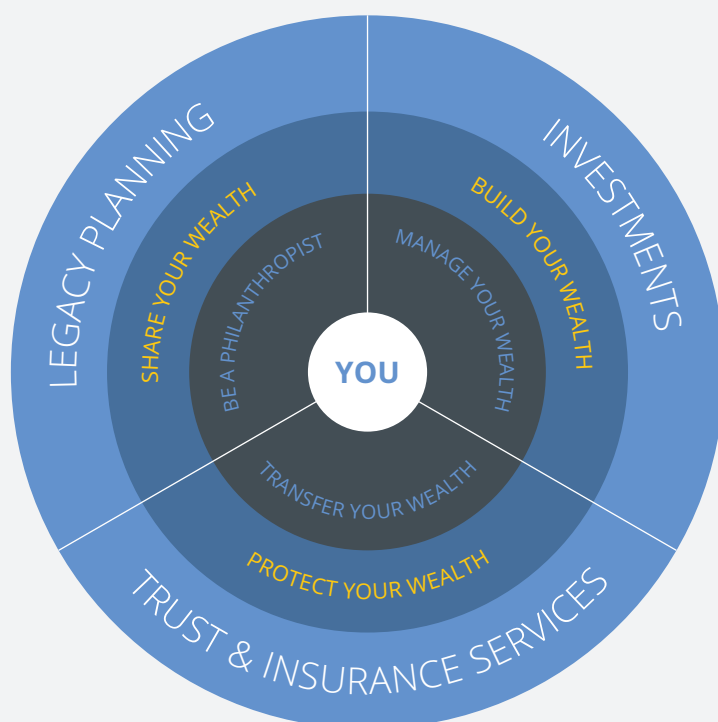
Drafting a solid investment plan at the same time as a comprehensive preventative health programme that includes extensive medical insurance is also vital to secure long-term financial and physical wellbeing.

However this is easier said than done as our needs are dynamic and ever-changing, requiring input and guidance from competent professionals.

"From my personal experience, the trick is not the intensity of things that counts but it's in the consistency and persistence of practise that matters."

- ANDY CHAN, EX-GLOBAL HEAD CONSUMER BANKER

A Holistic Approach to Wealth Management



PLAN WELL IN ADVANCE

Effective financial planning demands a holistic approach that starts with a deep analysis of your vision and values; developing a comprehensive plan based on your goals; assessing your situation periodically, and implementing alterations or solutions in a timely manner.

As the graphic on the left illustrates, your plan needs take into account all aspects of your financial portfolio including debt management, asset allocation, the formation of trust funds, cash flow, tax, life and health insurance and estate planning to grow and protect your wealth.

As a starting point, consider the following to determine your financial and health priorities:



Health & Wealth Questions to Ask

Your personal health-wealth plan should be reviewed regularly. Priorities and needs evolve at different life stages and thus, financial and health plans must align accordingly.



What Are Your Finance & Health Priorities?

Am I prepared for the next juncture of my life, financially and physically? Is my net worth growing and have I set aside sufficiently for the next big-ticket item including healthcare? Discipline is crucial during tough times.



Is Your Health & Wealth Protection Adequate?

Dying too young, living too old and falling sick are three life risks we face. At different life stages, we need to ensure sufficient insurance coverage and that our insurance is kept up to date.



Have You Looked At Your Financial Preservation Plans Thoroughly?

Have you legally appointed someone to manage your welfare and your financial matters should you lose mental capacity? Are structures in place to manage your assets according to your wishes should you not be around anymore? Is your estate sufficiently funded so that the legacy you leave endures for your beneficiaries?

Source: Professional Investment Advisory Services PTE LTD

Do turn to a financial advisor to help you decipher your exact financial planning needs. They are a great source of advice and many utilise a range of sophisticated analytical tools to help you prepare better for your future financial needs.

A good advisor would be able to run a **Monte Carlo Simulation**. This is a tool allowing advisors to

incorporate a client's goals and values along with a full range of financial resources to model scenarios to predict if individuals have sufficient financial resources to support themselves and their families during a projected life expectancy.

"Some individuals find it daunting to entrust their wealth to a professional investment manager, especially those who have been in control for many years and may have generated their capital through successful business ventures. In these cases, it is worth reminding them that the amount of time and effort required to manage a large portfolio properly can have a detrimental impact on their quality of life. In some instances, the anxiety associated with DIY investing may also have a negative impact on their health and wellbeing when things don't go to plan."

- JAMES HORNIMAN, PARTNER AT JAMES HAMBRO & PARTNERS

THE FINANCIAL LIFE CYCLE

A solid financial planning cycle anticipates and encapsulates healthcare needs alongside asset enhancement priorities.

Initially at Stage 1, you should articulate your life goals for both your health and wealth; plot health milestones you would like to achieve and envision what type of retirement you want. Also assess what you can do today to improve your future health. From a financial viewpoint, you would need to spell out how you could save for retirement, minimise taxes and inheritance duties, buy property to let or reside in, pay for university fees and select wise investments.

In Stage 2, get a snapshot of your health and assess your current financial situation. Arrange for a full medical examination and identify lifestyle factors that are damaging your health. List all your assets and debt and ensure you have sufficient insurance coverage. Also try to draw estimates on the taxes you will have to pay upon your demise.

Stage 3 involves drawing up a comprehensive plan based on the information you have collated. Determine where you and your family stand in terms of health and build

contingency plans based on your health histories. Study how you can make changes to your lifestyle to improve your health and everyone else's in your household. Then, engage a wealth manager to help you to craft an effective financial strategy that covers retirement needs, cash flow, insurance, education funding, estate planning, investments and business succession.

Stage 4 is when things really start to get moving. Talk to your physician about your healthcare plans and gather a team of professionals who can help you and your family reach your health goals. Finally, ensure that your health records are easily accessible to family members as well as health partners. Also, assess if your wealth manager is compatible with your values, priorities and needs. Finally, do ensure that your financial team are privy to all your financial history, records and undertakings.

Evaluate your financial and physical health on a termly basis. This is the fundamental principle of **Stage 5** in the financial planning cycle. Ask yourself – are my strategies and plans on course? Are there any new resources for me to improve my health? Consider what you need to accomplish and what you have done and then try to plug in any gaps. Also, try to adjust your financial plans in the face of new economic or social realities.

THE FINANCIAL PLANNING PROCESS

IDENTIFY



What are your motivations, needs and goals? What is your vision for your retirement?

STEP
01



EVALUATE

List your current life stage needs and priorities

STEP
02

DEVISE



Craft an integrated, strategic plan that enhances your health and wealth over time

STEP
03



ALLOCATE

Ensure that you have sufficient resources to put your plan into action

STEP
04

ANALYSE



Check if you are on track and implement solutions when external factors change

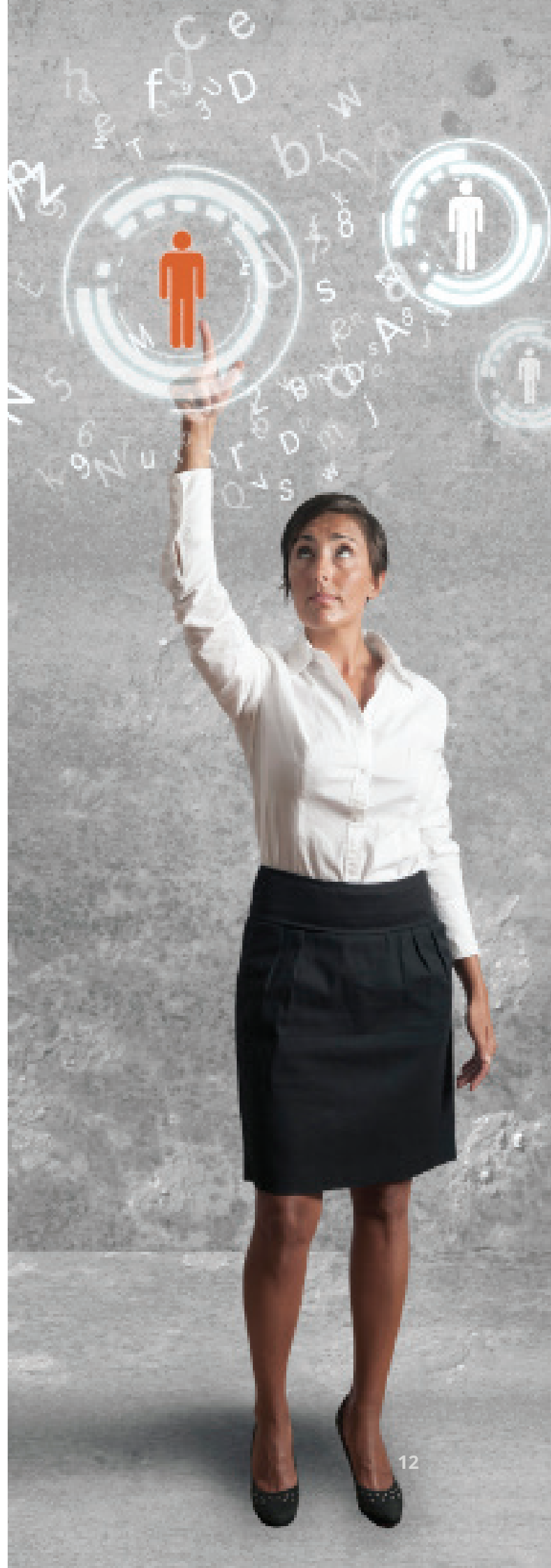
STEP
05

NURTURE PROFESSIONAL RELATIONSHIPS

Developing a comprehensive health-wealth strategy requires the help of professionals as it can be a daunting, arduous and time-consuming task even for the savviest individuals. It is not something you should tackle alone. Forging close relationships with both your physicians and wealth managers is therefore a crucial part of a cohesive health-wealth plan.

Keep medical and finance professionals close on hand to ensure to keep you abreast of any changes or advances that have occurred in their respective fields. This will enable you to navigate new ground and to tweak your plans accordingly. On the flipside, ensure that you communicate your needs and any changes in your life clearly to your medical and finance teams so that they can offer more specific tailored advice. When talking to financial advisors do also try to initiate conversations about health.

From a finance viewpoint, owing to the complexity of products and potential solutions in the market today, it would be prudent to engage a team of legal, financial and investment advisors who collaborate to develop and implement comprehensive plans designed around your needs. If you have yet to put such a team together, do consider using online services such as FindaWEALTHMANAGER.com which will connect you to the best professionals based on your financial profile.



HEALTH & WEALTH MISTAKES TO AVOID

There are many pitfalls to avoid in your quest for optimal health and wealth.



TOP 5 HEALTH MISTAKES TO AVOID

1

Not Having a Plan

2

Keeping Bad Habits

3

Ignoring Symptoms

4

Getting Only
One Opinion

5

Being Uninformed



TOP 5 WEALTH MISTAKES TO AVOID

1

Trying to do
Everything Yourself

2

Inadequate
Insurance

3

Living Beyond
Your Means

4

Not Updating Estate
Documents

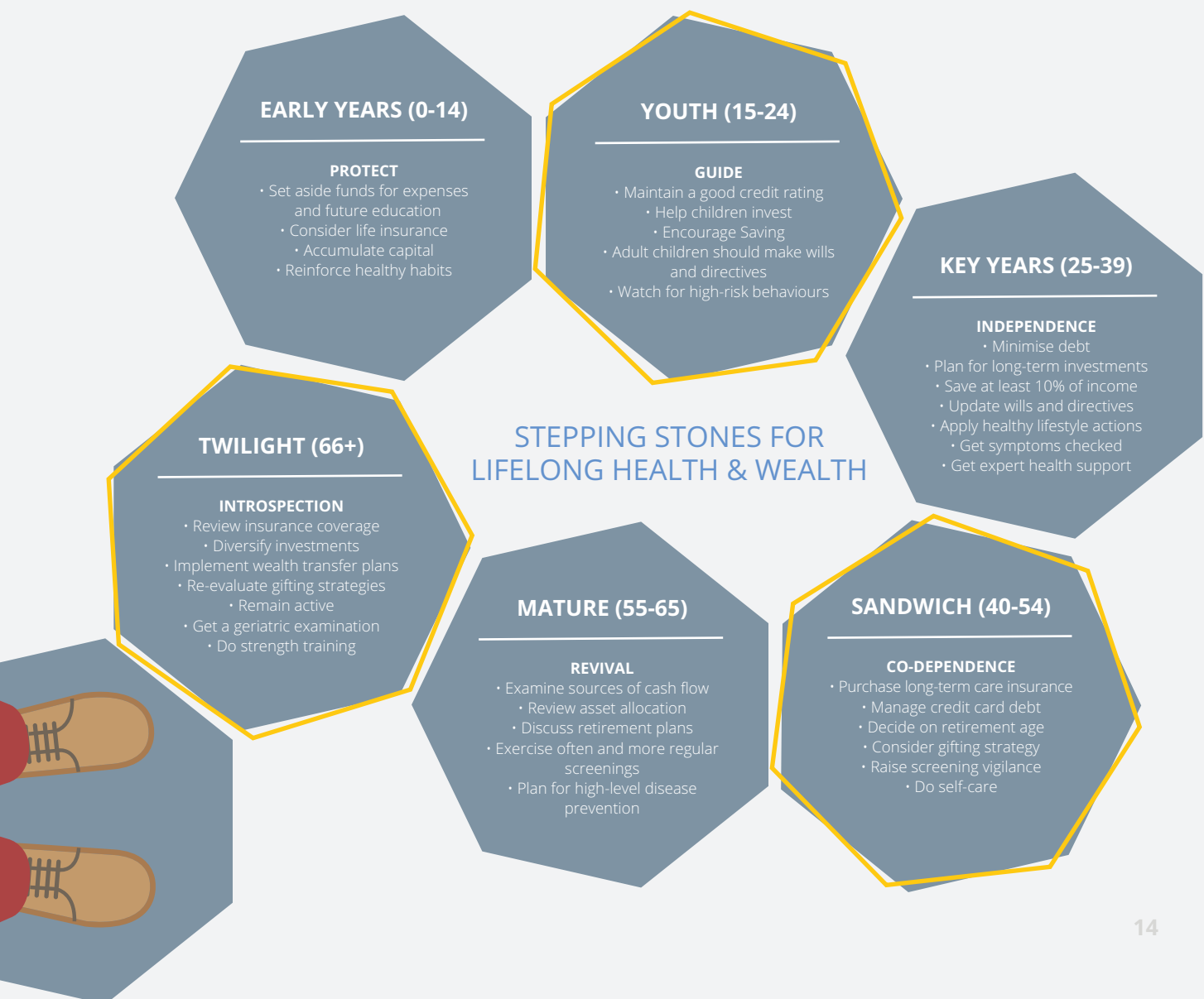
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Taking Too
Much Risk

YOUR HEALTHCARE & WEALTH PLAN BY LIFE STAGE

AN EASY-TO-USE CHECKLIST

Now that you have a clearer understanding of the health-wealth connection, it is time to spring into action. Use the checklist below to initiate discussions with both your physician as well as your finance team, and to develop your own structured and tailored health-wealth programme.



CONCLUSION

There is no one-size-fits-all strategy when it comes to managing and enhancing your wealth and health. Everyone is unique, and individuals have to adopt a holistic approach to craft highly-integrated plans that encompass health and wealth goals. However, this is often easier said than done.

As this guide illustrates, there are several areas and factors to consider and details can be easily overlooked. Also, plans have to be adjusted at each life stage, and again, this will take up a lot of your precious time and effort.

It therefore makes perfect sense to turn to professionals to turn your well-laid plans into reality. They can get the ball rolling, provide invaluable advice and pointers, and take care of all the nitty-gritty so that you can focus on what matters most to you – namely your family, business or career.

For a start, do your research online to find the team of health and wealth professionals to support you in your health-wealth planning. There are invaluable free resources on the internet, including FindaWEALTHMANAGER.com which will connect you to the best finance professionals based on your given profile. At the same time, look into your business and personal networks for recommendations or look out for seminars and conferences where you can connect directly with medical and financial experts.

Don't put off laying the foundations for your health-wealth programme any longer - start looking now for the best professionals who will be able help you to be well on your way to better health and higher returns on your investments.

"It is important that we take the right measures to maintain good physical and financial health. Having a good balance in all areas of health and wealth is key to maintaining a secure lifestyle and the importance of advice and guidance from trusted professionals cannot be overstated. As an expert provider of wealth management services for clients, Quilter Cheviot understands how essential it is to regularly review one's investments through a qualified professional. Investment reviews, like health check-ups are crucial to flagging up any issues so that necessary adjustments can be made before any potential problems arise."

– JONATHAN RAYMOND, INVESTMENT MANAGER, QUILTER CHEVIOT

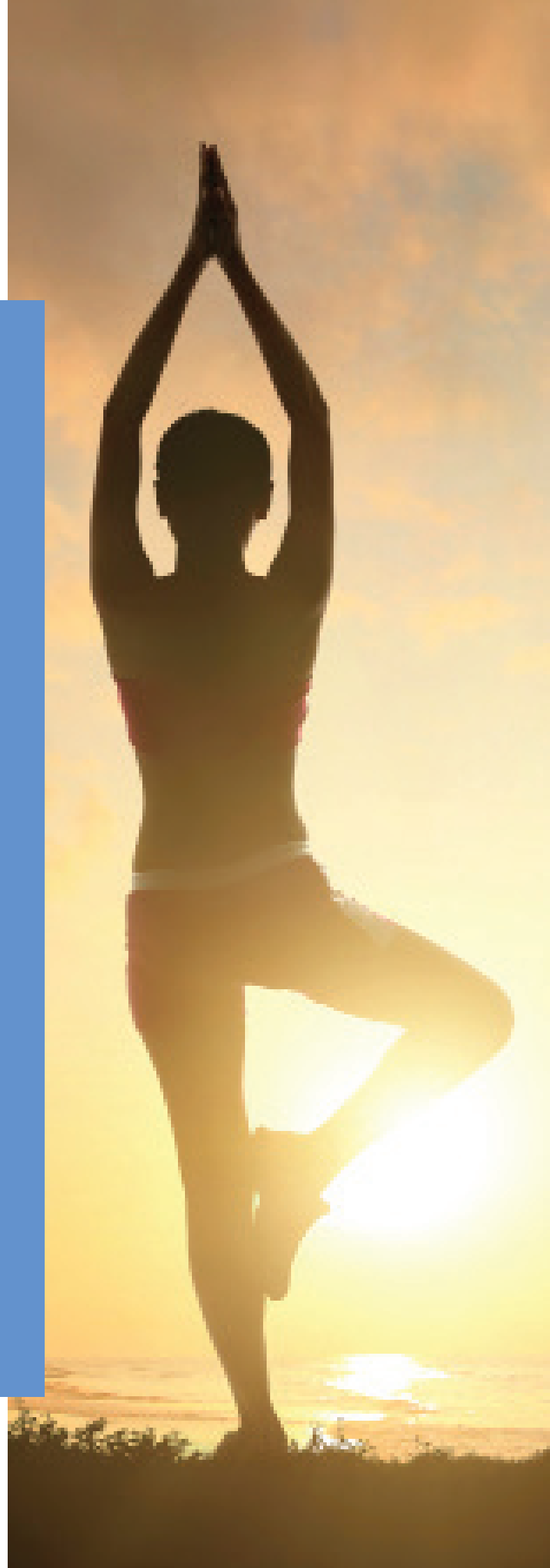
EDITORIAL

I hope it's now clear to see how your health and wealth are interconnected, and therefore - how crucial they are to address early on - not just so that you live longer, but also so that you experience a higher quality of life. We have seen clients all too often approach both matters reactively which has led to greater difficulties later in life, ironically perpetuating bad health or financial strife.

I sincerely hope that this guide has helped to illustrate that being proactive and taking a few very simple and manageable steps is not as daunting as we might believe. In fact with the right plan in place, it is actually easy to achieve.

That's good news for both your health and your wealth, so what are you waiting for?

– DOMINIC GAMBLE, CEO,
FINDAWEALTHMANAGER.COM



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⁷ European Commission, 2014

⁸ UN Food and Agriculture Organisation



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