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## *Preparing For One of Life's Most Difficult Decisions*

by Ben Coombs

Last quarter, our newsletter contained an article entitled “*Daily Assistance: Think About it Now, Talk About it Now.*” The article addressed the decision to voluntarily relinquish to others some control of your life’s circumstances due to aging. Aging sneaks up on us and we often do not recognize or acknowledge that we need assistance. Many wait too long to make this decision and end up having it forced upon them by family or even outsiders – a very unhappy result of not planning for this time of life. By preparing now, you can ensure that these decisions will take place in a timely fashion and with the cooperation of all the important people in your life. Consequently, any change in your living situation will more likely happen with good feelings among all parties involved; most importantly, it will happen in accordance with your wishes.

The best preparation for this decision is to create a baseline that will allow you to recognize changes in the aging process as you experience them. By recognizing these changes as they occur, you can then anticipate what and when adjustments in your living circumstances are necessary. Without a baseline, it is likely that you will go beyond the point of self-sufficiency and be forced into a change that you are unprepared for and unwilling to make. You also need to investigate alternatives to your current lifestyle; have an idea of what you want life to look like as you age.

Although Leisure Worlds and Sun Cities have been around for 40 to 50 years, our society has not developed a systematic way to think about and prepare for lifestyle changes. This must change now that the Baby Boomers are becoming a “Great Grey Wave” that will crash onto the shore of aging. A growing percentage of our clients are arriving on that shoreline themselves. As a result, we are thinking more and more about the issues surrounding the aging process and how best to deal with them. We have developed a “Lifestyle and Circumstances Audit” to assist you in developing your plans related to this issue. You may ask, “When should I start thinking about and responding to this?” Retirement is probably a good time to start. Since you will have just reached the primary goal for your financial planning, and have your estate planning in place so that you know exactly what will happen when you die; this is an excellent time to think about your preferences for when all the things you anticipate doing in retirement become less exciting and more difficult to pursue. Take charge of this planning just as you did your retirement and estate planning.

Enclosed is a sample “Lifestyle and Circumstances Audit.” The exact contents of this audit should be very personal and particular to your desires, wishes and circumstances. We have included some sample language to provide a stimulus to your own thinking. Do not copy it; build on it and make it your own.

### *Lifestyle and Circumstances Audit*

*How are We Doing and Can it Continue? If Not, What's Next?*

**Introduction:** This needs to be a very personal statement as to why you are preparing this audit and how you want it to be used.

*Two years ago, we reached the goals of our entire working years. We have arrived at the point we had expected to be at in our planning, and are indulging the interests that bring us joy and meaning without having to earn a living. We understand that over time our capacity to continue in this fashion will change. The purpose of this effort is to personally identify what is required to live as we desire, and to determine our actions when our capacity to live as we currently do changes. We also want others, especially our children, to know what our desires are for our daily lives and what we are willing to do in response to decreased functionality. We watched parents – slowly at first, then rapidly – change in their ability to live as they had become accustomed. We also witnessed their inability to face the changes they needed to make in response to those limitations. We watched as they became a burden to themselves and their children. We don't want the same to happen to our children and us. Hence, we prepared this audit and are committed to revisiting it from time to time to keep it current. Our children have permission to bring it up if they haven't received an update in at least three years.*

**Our Current Lifestyle:** Again, this needs to be a very personal statement. It should describe what gives you pleasure and fulfillment in your current lifestyle. You will want to establish actions for when your life changes or its quality

diminishes, so you can respond appropriately. The only way to know when a change is required is to recognize limitations as they occur.

*We currently live in a rural area. We live 35 miles from the closest urban setting that provides necessary shopping, entertainment and medical facilities. Our location is unhurried and uncrowded. We are part of a small community that imparts a sense of kinship we have rarely experienced. Local homeowner groups run many services normally provided by governmental agencies. We are able to travel to see family as well as the sights that interest us. We are both active golfers, playing separately with friends a couple times a week and together weekly. Husband remains engaged in professional activities and with many of his long-time clients. Wife enjoys reading and is active in a book club. She is involved from time to time with friends playing bridge and in local women's activities. She is also newly active in a national women's society. We enjoy the symphony and travel outside of the area to enjoy other "cultural" activities, wine tasting and golf.*

**Activities of Importance and Meaning:** List activities that are important to each spouse and give a sense of purpose and fulfillment.

*The following is a listing of the activities each of us pursues with some regularity and commitment:*

*Wife:*

- *Golf*
- *Reading and Book Club*
- *National Women's Organization*
- *Staying in touch and involved with children, grandchildren, sister and family, and mother*
- *Travel*
- *Symphony League*
- *Volunteer at a local thrift shop*
- *Golf*
- *Professional Activities: Mentoring and Speaking*
- *Advising former business partner and some clients*
- *Church: Deacon and Teacher*
- *Managing Finances: Family Trusts and Personal*
- *Writing: Essays, Book (on Internet) and Newsletter*

*Husband:*

**Physical Circumstances:** It is important to be aware of your physical circumstances and what is needed to continue living as you are currently. Again, you need to be aware of personal changes that might dictate the need for an altered living situation.

*We live in a two-story home that is three miles from our little town center and 35 miles from an urban center. Major shopping, medical care, entertainment, as well as golf require us to "go to town" frequently. The property has a significant slope and there are stairs in the house. The property requires constant care and oversight, especially in the summer due to the heat. Winters are not difficult, although, temperatures can get down to the low 20's. The summer heat, however, is difficult – getting up to over 100 degrees. Not only do our preferred activities require the ability to be physically mobile and fit, but our physical circumstances do as well. We need to be able to climb stairs, push the garbage container up a steep driveway, climb ladders and navigate slopes in the yard. We also drive frequently and over long distances, not only to town but also to see family and friends who are between 250 and 1000 miles away.*

**Fiscal Circumstances:** Just as you need to be aware of the impact of physical changes on your living situation, you need to be aware that changes in your financial capacity can impact your lifestyle as well; this is an area where Petra can be of help. You will see that next is a very abbreviated statement of one's financial circumstances but it gets to the heart of the matter. \*We have disguised personal data with alpha representations instead of actual numbers.

*We are now living off the fruits of our labor from the last 40 years. We need to be careful to consume just the fruit and not the tree that produces the fruit. Just as we need to evaluate our physical and mental capacity to pursue our preferred lifestyle, we need to occasionally evaluate our fiscal capacity to fund that lifestyle. To date, the results are encouraging. Our investment worth as of June 30, 2003 is X dollars. We need Y dollars annually to support our lifestyle. Of that, Z dollars will have to come from our investment net worth. This translates into x.xx percent return on those assets. This is realistic and can even be exceeded over time by enough to compensate for inflation. The only "fly in the ointment" is the fact that this entire investment net worth is vulnerable to -----. AA.A percent is tied to the on-going success of BBBBBB and the remainder is invested as a balanced portfolio of CCCC.*

**Instrumental Activities of Our Daily and Independent Living:** After reviewing the prior paragraphs, list the things required to carry out all that you have specified in those paragraphs. Many activities will be common to everyone but there may be activities that are unique to your life's pursuits. Be thorough and thoughtful as you make this list. Rate yourself on a scale of 1 to 10 as to your current capacity to carry out each activity. After you have assigned each activity a numerical rating, give a subjective description of your current capacity. This is extremely important. It is your baseline. Three years from now, your whole frame of reference may change. For example, your driving skills may have changed in three years. However, if you haven't described your current skills in some detail in advance, you won't recognize the change. You could very well still think you rate an 8 on the scale of 1 to 10 when you are really a 6 in comparison to the description you gave three years prior.

*The pursuit of our lifestyle, as it is now, requires that we be able to:*

1. **Drive** – short and long distances
2. **Walk** (and climb) – golf courses, stairs (up and down) and around the yard
3. **Hear** – the symphony, spouses, conversations and those on the phone
4. **See** – to read, view and react to the world and others around us
5. **Manage Our Finances** – work the computer, write checks and keep accounts
6. **Manage Our Health Care** – be engaged in medical decisions and control medication
7. **Shop** – without dropping and with an awareness of our needs
8. **Prepare Meals** – being able to open jars, cans and not burn pots
9. **Do Laundry and Housekeeping** – push the vacuum, turn the bed and see dirt
10. **Mentally Process Information** – ability to receive/react to what is happening around us as it happens

*The following chart rates each one of us on a scale of 1 – 10 (10 being the best) as to our current abilities and capacity in each of these areas. Following the chart are narrative comments to elaborate on many of these activities and our respective capacity to perform them.*

| <b>Activities</b> | <b>#1</b> | <b>#2</b> | <b>#3</b> | <b>#4</b> | <b>#5</b> | <b>#6</b> | <b>#7</b> | <b>#8</b> | <b>#9</b> | <b>#10</b> |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| <i>Wife</i>       | 8         | 7         | 8         | 8         | 8         | 9         | 9         | 9         | 9         | 9          |
| <i>Husband</i>    | 8         | 9         | 7         | 8         | 9         | 9         | 8         | 7         | 8         | 9          |

**Comments:** *The following comments are a subjective description of the quantitative rating applied to each of these activities in the chart above.*

- Activity #1:** *Wife –  
Husband –*
- Activity #2:** *Wife –  
Husband –*
- Activity #3:** *Wife –  
Husband –*
- Activity #4:** *Wife –  
Husband –*
- Activity #5:** *Wife –  
Husband –*
- Activity #6:** *Wife –  
Husband –*
- Activity #7:** *Wife –  
Husband –*
- Activity #8:** *Wife –  
Husband –*
- Activity #9:** *Wife  
Husband –*
- Activity #10:** *Wife –  
Husband –*

**Triggers for Making Changes in Our Living Circumstances:** Now you need to think about what could trigger a change in your living situation. Certainly a deterioration of your ability in the activities listed above would necessitate a change. However, there might be one or two critical things that permit you to live where and as you do now. If those change – even if nothing else changes – you might have to make adjustments in your living circumstances. Here is the place to address this.

*We see no need in the foreseeable future to make any changes in our living circumstances. The greatest “threat” to our current situation is our physical capacity to handle our remote living. Any such threats seem a long way off under the normal conditions of aging. Hopefully this “baseline” will help us recognize any deterioration and respond accordingly. As things stand, the only reason to make a change would be because we no longer enjoy where and how we live. Many but not all of our preferred activities are transferable to another location; this would weigh on such a decision. However, it is important to keep in mind that a move or change needs to be done while we are still able to get re-established and re-acquainted easily. The more limited our activities become, the harder it will be to acclimate to a new environment. Again, this “baseline” is designed to help us recognize factors earlier rather than later. Other considerations for us are the summer heat as well as air pollution. However, Wife’s mother has moved into a very nice and accommodating retirement home nearby, so it is unlikely we would leave the area during her lifetime.*

**Our Next Stop:** This last paragraph is an opportunity for you to describe what you anticipate to be your next living situation. If you can’t visualize what your life might be when a change is required, you are likely to make a poor decision or have one forced upon you. Think about it, research it and put it in writing for others to know what you expect to be in your future.

*We have been speculating about where we would want to live next and what circumstances we would desire when we move. We have been generally thinking about two different scenarios. First of all, we might move to a golf-oriented community. It would have to be in an area that is cooler than where we now live, and with access to those activities that we now enjoy. Our next home would be easy to leave for extended times due to the ease of its care and protection. It would need to be in a community that was accommodating to seniors but not necessarily a retirement community, although that is an option. The only problem with this choice is that we would probably have to move again when we needed an increased level of care. Therefore, the second alternative is a retirement community that has in place increasing levels of care. As we see it, the problem with this choice is that it would be an older community of people and not built around the physical activities that we expect to pursue for another 15 to 20 years. We intend to keep thinking about and investigating our options. When Wife’s mother is no longer with us, we hope to be prepared to make this decision.*

In summary, to ensure that your personal choices guide the decision-making process when your age demands changes in your living situation, conduct a lifestyle audit now using the following outline:

- Evaluate your current lifestyle to identify activities of importance and meaning
- Survey the physical requirements to maintain your current living situation
- Evaluate your fiscal circumstances

- Itemize a baseline of activities needed for independent living
- Identify triggers that demand a relocation and visualize your next living situation

Just as you have planned financially for your senior years, now is the time to plan for the living circumstances of your senior years.

