

## Executive Planning - Why Should I Ever Retire?

I have a client who works in Government Relations. His appetite for his work is amazing, his clients adore him and his relationships on Capitol Hill and Regulatory Agencies are beyond reproach. Prior to the most recent election we were discussing the concept of retirement, but after the election his tune changed completely. He was so charged up by his work, his clients and the political process itself that he could not picture his life without work.

This happening with many of my clients: Engineers, Accountants, Attorneys, Nonprofit Executive Directors, Consultants and Business Owners of all stripes are working into their late 60s or early 70s. This brings about an interesting and often neglected issue, the traditional employee benefit system is not built to serve these people that choose not to retire. Issues abound for these individuals.

James Robert, PhD owns JB Research, a market research firm in Bethesda, MD. James is an Economist by training and his firm consults with businesses, non-profits and government agencies to research consumer behavior. Quietly over the years James has built a very profitable little company focusing on subcontracting specialty work for Big Four consulting firms; he employs about 15 people including himself. He earns around \$350,000 a year, his business could be sold to larger consulting firm for around \$6M (he has turned down a few different offers in the last 3 years) and Jim is 63 years old with no desire to retire. This year he began to work in the office in DC 6 months out of the year, the rest of the year he "works" remotely at home he and his wife keep in California to be near their daughter and 2 grandchildren. He has two VPs that manage the work & team while he is in CA.

Recently Jim and his VPs had a meeting regarding the benefit plan at JB. Jim had not looked over the plans in years, and his VPs (by their own admission) only pay attention to the plans once a year at renewal. As they reviewed contracts because they were considering changes Jim noticed several things that gave him pause: his benefits for Life and Disability insurance were less than every other employee because of something called an ADEA schedule, the amount he and the VPs would receive if they were hurt or sick and unable to work was also well below the 60% of their income because they all earn over \$100,000, finally after reading the health insurance contract they realized Jim and his wife had no coverage in CA and once Jim turns 65 his company's health insurance would be secondary to Medicare.

Needless to say, Jim was shocked. Here he was a very healthy, very active 63 year old, and "the system" was treating him like he was headed to an infirmary. If Jim wanted to keep working, running his business and living the life he had built for himself, how could he do that and still have the safety net that he had built with his benefit plans?

I've worked with a lot of people in Jim's position. Most of the solutions are simple and readily available from all carriers in today's market. To handle the issue of the ADEA schedule, Jim or his VPs would just need to request that their broker get quotes on a better schedule for reduction that starts at 65 or 70. They could also increase the limits on his disability or life coverage by increasing the benefit over the Guaranteed Issue amount and submitting basic Evidence of Insurability, or creating a Carve Out Plan for themselves. Finally, with regard to Medicare and the health plan, if Jim continues to employ less than 20 people Medicare will be his primary coverage, if he employs over 20 his group coverage would be primary and he could defer Medicare B. Also Jim and the VPs could look into a Carve Out Executive Medical Plan that can ride over top of his group health plan and reimburse them for any uncovered medical expense, co-pay or deductible. He and his VPs should also look into adding a plan with a Nationwide Network to cover Jim while he and his wife are in California.

All of these things are simple, but it is really a matter of the Broker and team serving Jim paying attention and bringing Jim the solutions he needs.

