bui

PLANNING FOR LONGEVITY

Monte Carlo Simulation

Long Term Care Planning

- Couple Both Age 60
- Retire at Age 60
- End Analysis at Age 90
- $30,000 Social Security Benefit
- $115,000 Retirement Indexed Need
- $3,800,000 of Assets
- 60/40 Allocation

Scenario 1

No LTCi Coverage
No Need for Care

92%
chance of not outliving assets

Scenario 2

LTCi Coverage
$6,000 Premium
No Need for Care

87%
chance of not outliving assets

Scenario 3

No LTCi Coverage
Self-Insure Total Cost
$100,000 for 10 Years

67%
chance of not outliving assets

A Monte Carlo Simulation is a statistical method for planalyzing random phenomena based upon given statistical parameters of return, volatility, and correlation.

**Calculations assume (1) an 84% chance of achieving the financial goal, (2) a time horizon of 20 years, and (3) the inflation has been derived from the difference between 10-year Treasury and 10-year Treasury Inflation-Protected Securities.*