

News from Louis Letourneau.

First published in [Gay Times](#), March 2007

Is conquering aging possible, or just sci-fi? We have a longer life expectancy anyway than our grandparents did.

A friend recently heard a scientist on the radio saying he believed science would soon be able to conquer degenerative aging, and that people could live hundreds of years longer: is that just sci-fi? As it is, we have a much longer life expectancy, on average, than our grandparents did – which already has tremendous financial implications for us. Not only do we have to provide for our future, but it may go on for longer than we expect. Think about it for a moment: we may live for 30 or 40 years after retirement. The period when we draw a pension may be as long as our working lives. As annuity rates are lower than they used to be, thanks to lower interest rates, are we saving enough for a long retirement? I suspect not. Expect to pay a lot more in future.

And the Government, provider of the State pension, is worried about longevity. Over the last few years, it's been getting us used to the idea of retiring later. Employers who provide final salary pensions, including big public sector schemes, are worried, too, about the costs of paying index-linked pensions longer with no way to cap their liability. Employers setting up new pension schemes will likely offer stakeholder pensions rather than final-salary schemes. It also means that those who offer final salary schemes may have to be bailed out by the Government to pay for them.

With people living longer, and house-building not keeping up with demand, house prices are likely to keep increasing in the long term - which isn't to say there won't be booms and bubbles in the short term. Mortgages will last longer, too. Already, 30-year mortgages are common, and the term's likely to increase to 35 and 40 years. Increased life expectancy may mean that the cost of life insurance to protect the mortgage will get cheaper, but the cost of critical illness cover will increase. Income protection policies to cover longer working lives are likely to become more expensive.

Who'll look after us? We can expect to see an explosion of care homes in the next 20 years for the increased number of older pensioners. Many of these may cater specifically for the gay community, but who'll pay for it? Local authorities are already stretched and governments have already seen the NHS turn into a money pit. We can expect long-term care insurance to become an important element in our financial planning.

And if house prices increase faster than other assets, people will increasingly release the equity in their homes to fund retirement. Expect to see more sophisticated variations on the theme of equity release.

Whether it's science fact or fiction that we'll be living as long as Methuselah, by the end of the century, we'll all need to invest carefully to ensure there's money for a comfortable retirement. If we're depending on shrinking State care, the future could be grim.

Whether it's science fact or science fiction that we'll be living as long as Methuselah by the end of the century, one thing's for certain – we all need to put plenty of money aside and invest carefully so that we have the money for a comfortable retirement. If we don't, and are depending on shrinking State care, the future could be grim indeed.

Louis Letourneau, MA is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people living with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

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