

## Financial Planning for Health Care Expenditures in Retirement:

Lance Hocutt, Lance Hocutt Financial Group<sup>1</sup>

It is widely accepted that financial planning for retirement is deemed wise and essential to maintain an equally sound financial quality of life post-career. However, retirement health care planning and long-term care planning do not receive similar accolade. A comprehensive financial plan should not only include a path to wealth strategies, it should also account for the potential expenses related to health care coverage and long-term care coverage. This paper posits that the likelihood of an individual who has considered retirement health care planning or considered long-term care planning increases when receiving financial advice from a professional financial planner. Such findings are confirmed by means of a robust survey study encompassing a representative sample. Using 423 observations from the proprietary 2016 Health and Wealth Survey, a multiple logistic regression model was constructed thereby developing a training data set and test data set. Using the best subset of predictors, we then conducted subset selection and model tuning on the training data. From there, we conducted test data performance, leading to Maximum Likelihood Estimation (MLE) of logistic coefficients for each predictor. And finally, an assessment of model performance on the test data was completed set using Root Mean Square Deviation (RMSE). Holding all other metrics at a fixed value, we will observe a 129% increase in odds of planning for future health care needs if one has a financial advisor. Having a financial plan increases the odds the more than any other variable when holding all other variables at fixed values. In addition, the odds of planning for future health care needs increase with those independent variables of Education, Investable Assets, and Age.

---

<sup>1</sup> President and Founder, 1300 McFarland Blvd NE, Suite 125, Lance Hocutt Financial, Tuscaloosa, AL, 35406, USA. Phone: 205-345-9733. Email: [lance@lancehocutt.com](mailto:lance@lancehocutt.com).