

(Article for the Jakarta Globe – 2 July 2012 issue)

MONEY WISE

HOW LIFESTYLE CAN AFFECT YOUR FINANCIAL HEALTH

'Early to bed, early to rise, makes a man healthy, wealthy and wise'. So the saying goes. I am certainly early to bed and early to rise if only, like so many others, to beat the Jakarta traffic. I suspect this is not sufficient on its own to make us healthy, wealthy and wise, but there is definitely a connection between lifestyle and the three desirable qualities.

But first let's look at some of the issues we face.

The rising cost of healthcare

It has been estimated that a 65-year old couple in the US would need to spend \$200,000 on healthcare during retirement based on the man living to 80 and the woman to 85. Agreed, medical care in the US is very expensive but costs are escalating everywhere. Medical insurance of course is highly advisable and it can prevent major financial shocks should a serious illness or accident occur. But as we get older, the cost of insurance escalates rapidly to a point where it is no longer affordable. Perhaps you are fortunate and come from a European country which will take care of you free of charge should you return there. Unfortunately such generous welfare systems are partly responsible for the sorry plight of many European economies. As a result we are likely to see a reduction in those benefits.

Poor lifestyle? – You may be shown the door

When Gordon Brown was British Prime Minister he raised a few eyebrows when in a New Year message to healthcare staff he indicated that people may have to fulfil 'new responsibilities' in order to establish their right to care. While no-one is likely to be refused treatment in an emergency, patients who smoke, drink heavily or become seriously overweight are increasingly being refused places on waiting lists for elective treatments and even non-urgent heart surgery. As anywhere in the world, if you are wealthy you can jump the queues and opt for private treatment, but at a cost which may significantly reduce your wealth.

The benefits of a healthy lifestyle

A growing body of evidence points to the fact that moderate exercise for at least 30 minutes a day for most days of the week can substantially reduce the risk of developing some of the more costly and debilitating conditions including heart disease, cancer, stroke and even dementia. If you can stave off dementia and live independently in old age you can avoid the huge expense of long term care. But there are also immediate cost benefits. Being in good health means you will pay the lowest premiums for life, critical illness or income protection insurance. Some health insurers have been slashing premiums for those who allow their diet and exercise regimes to be monitored. Others are offering discounted membership of gyms.

Other benefits of a healthy lifestyle? Less time off work, greater alertness and a better chance of advancing your career with the accompanying financial benefits.

How smoking can burn a hole in your wallet

How many times have you heard comments such as 'my father smoked like a chimney and lived to his nineties'? How many great world leaders have survived to old age even though they were smokers? Indeed, such cases occur, but for each such case there will be dozens who met an early death or suffered an expensive illness. Another factor is that in the past our lungs were not bombarded with the high levels of pollution that surround us today, particularly in Jakarta! If you are a smoker and you apply for life or critical illness insurance you could find the premium is at least 50% higher than that applied to non-smokers. So not only is part of your hard-earned income going up in smoke, you will have to dig even deeper into your pocket if you want to insure yourself.

Is it possible to change lifestyle?

It is never easy to break away from lifetime habits. But if you feel your lifestyle is affecting your health and is threatening to hurt your pocket then it could be worth making a supreme effort to change things. Perhaps downtown Jakarta does not present an obvious environment for healthy exercise but you don't have to go too far out of town to enjoy walking, running or biking in the

surrounding hills. Golf enthusiasts are spoiled for choice. Many urbanites now live in apartment complexes; most offer facilities such as tennis courts and a gym. Don't let age be an excuse; there is no age limit to fitness.

Is there a downside to all this healthy living?

The benefits in terms of quality of life and the likely financial rewards are indisputable. Longevity can however raise the concern of whether sufficient provision has been made to generate a large enough income in retirement. This is an issue all retirees have to face, but if you live to 90 and are still in good health you want to make sure you still have enough money to go out partying!

This is perhaps where becoming wealthy is not enough on its own; you also have to be wise enough to tuck a large portion of that wealth away for your later years.

Colin Bloodworth

PPi Indonesia