

Planning for the Second Half of Retirement

Help clients with the most financially dangerous and challenging stretch of life.

[Jon Sabes,](#)

Founder/CEO; Jon Sabes is an entrepreneur, author and longevity pioneer dedicated to discovering innovative approaches to living and business. With a law degree from the University of Minnesota.

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Advisors invest significant energy in planning the first half of retirement with their clients. Social Security timing. Roth conversions. Lifestyle spending. Travel budgets. The early retirement experience is planned, modeled, stress-tested and locked.

Then the plan goes quiet.

Years go by faster, and one day you wake up to find clients in their late 80s entering the most financially dangerous and challenging stretch of life. And it gets almost no attention. Not from the planning side. Not from the product side. There's little incentive to do so. This is a problem the industry has created and one that needs to be addressed.

I've spent my career focused at the intersection of financial services and aging. What stands out after decades of building companies and products is how exposed clients become in late life. The exposure arises quietly, in a way almost no one monitors or addresses. And it's about to happen at scale, as America enters the most concentrated period of demographic aging in its history.

Industry Structure

Look at how the industry is structured. The accumulation phase has decades of innovation. It has an economic incentive. Early retirement has a robust toolkit. But look at the late-life toolkit, the one that must work when savings balances are unsettlingly small after a decade of drawdowns, when inflation bites the hardest, health care needs spike and cognitive and physical declines appear. It's practically empty.

That isn't a planning oversight. It's a product design failure.

The stakes aren't abstract.

[By 2030, every baby boomer will be 65 or older](#), and for the first time in American history, older adults will outnumber children. And they'll live longer than any prior generation.

Health Care Expenses

As they age, this generation will find that most of their health care expenses occur in the last five years of life. Inflation in health care is running at twice the rate of the broader measures. [Seventy percent](#) of retirees will need some form of long-term care. Medicare doesn't cover it. The LTC insurance market has largely collapsed. For most families, the only remaining option will be Medicaid, which requires a spend-down of assets to \$2,000 before coverage begins. Today, 60% of all nursing home residents are on Medicaid. That's the default path for millions of American families.

Consider what this looks like at the household level. A couple reaches their 80s. One spouse develops dementia. Care costs begin. Then the other spouse's health deteriorates. The plan that was modeled, stress-tested and locked at 70 is gone. This isn't an edge case. It's a common late-life scenario for millions of American families.

Advisors need to spend as much time on the second half as they do on the first. They need to assume things don't go according to plan, because they seldom do. They need to take the steps to build the late-life floor while the client still has the

capacity and runway to do so. Most of the levers are already available. They need to be identified, thought through, pulled earlier and combined.

Three Income Floor Layers

Start with the income floor. This is the single most important concept in late-life financial security: a guaranteed stream of income that covers essential expenses no matter what the market does.

- **Social Security.** For most clients, delaying benefits past full retirement age increases the monthly check by 8% each year, until age 70. That's a guaranteed return, for life, on top of annual cost-of-living adjustments. No investment on earth offers that risk-free yield. Yet most retirees still claim early, locking in a permanently smaller check for life. This decision can cost retirees \$250,000 or more at a time when the dollars are needed the most.
- **Annuities.** Turning a portion of savings into a second source of reliable lifetime income is what hedges the risks that appear in the second half of retirement. Annuities carry historical baggage, but they deserve a second look in today's higher interest rate environment. There are now annuities designed to work with fee-only planners, including products that bundle LTC coverage. Advisors need to educate themselves about annuities despite their preconceived notions.
- **Fiduciary-managed funds and exchange-traded funds that use pension-like risk-sharing mechanisms.** The pension isn't coming back, but the principles that made it work are being rebuilt inside a modern product toolkit. In August 2025, President Donald Trump signed an executive order, "Democratizing Access to Alternative Assets for 401(k) Investors," that opened the door for lifetime income and risk-sharing products inside defined contribution plans for the first time. Advisors should be watching this space closely for new products that better address the challenges of the second half of retirement.

Together, these three layers help ensure that the plan locked at 70 still works when the client turns 90. It works because it transforms the late-life balance sheet

from a guessing game into an engineered income floor. The plan works because it no longer depends on a market that doesn't care what year it is in the client's life.

Extend Planning Horizon

The retirement planning industry was built for a population that retired at 65 and died at 75. That population is gone. The second half of retirement, a period of life that never existed until now, is where families break, wealth disappears, and the industry has the least to say. Advisors who extend their clients' planning horizon today, not when the client turns 80, will be the ones their clients' children thank. The rest will be the ones the children regret.