LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

WEALTHIEST OLYMPIANS

With the one-year-delayed Tokyo Olympics finally getting underway, it is worth remembering that becoming an Olympic athlete is not, normally, a path to riches. Yes, each U.S. medalist gets a reward that helps defray the costs (gold: $37,500, silver: $22,500, bronze: $15,000) but only a few aspirants win a medal, and even if they do, the reward doesn't pay for years of training, facility time, the cost of trainers, state-of-the-art equipment and, of course, the travel costs.

Some household names can qualify for lucrative endorsement deals which more than pay for the training costs of high-profile athletes like gymnast Simone Biles and swimmer Katie Ledecky—but these are available to few others. Some Olympians are paid a salary for their sport or win tournaments as professional athletes.

Recently, Forbes magazine compiled a list of athletes competing in Tokyo who don't have to depend on GoFundMe accounts to scrape together the funds to allow them to compete. The list starts with NBA basketball star Kevin Durant, who reports total annual earnings of $75 million. Tennis champion Naomi Osaka earned $60 million last year. Others wealthy Olympians include basketball pro Damian Lillard ($40.5 million, including endorsement deals with Adidas, Gatorade and 2K sports); Serbian pro tennis star Novak Djokovic ($34.5 million, including endorsement deals with Lacoste, Peugeot and tennis equipment maker Head); Golfer Rory McIlroy ($32 million, with endorsement deals with Nike, Omega and United-Health Group); NBA star Devin Booker ($30.5 million, some of it from a Nike sponsorship); Japanese tennis player Kei Nishikori ($30.5 million, with endorsement deals with Japan Airlines and Nissan); and basketball stars Kris Middleton and Jrue Holiday ($27 million and $23 million, respectively).

Sources:

https://www.forbes.com/sites/kira-grant/2021/07/18/naomi-osaka-kevin-durant-novak-djokovic-the-highest-paid-olympians-of-2021-going-for-the-gold/?sh=b08571e876b1

4275 Executive Square,
Suite 800 La Jolla, CA 92037
p. 619.684.6239

THE ETERNAL OLYMPIC BOONDOGGLE

What's more eternal than the famous Olympic Eternal Flame? Eternal cost overruns by Olympic sponsoring nations.

By all accounts, the Tokyo Olympics are extremely unpopular among Japanese citizens, and the reasons have nothing to do with the resurgence of COVID in that country. The events are taking place with no live spectators allowed in the seats while medals are handed out and world records are broken, which is surely annoying. But the real irritation is cost.

Hosting such a major gathering, and constructing the athlete village, arenas and other venues for 67 different types of sporting events, from baseball fields and bicycling tracks to equestrian arenas and synthetic kayaking rivers, is extraordinarily, indeed monumentally, expensive. The prize for most money ever spent to host an Olympic event goes to Russia's Sochi winter Olympics, which reportedly cost just under $22 billion. London's summer Olympics cost an estimated $15 billion of taxpayer dollars; Brazil spent an estimated $13.7 billion on the 2016 Rio Olympics, and every Olympic host from 1992 to the present has spent at least $2 billion of public money—often much more.

The 2020 Tokyo summer Olympics, delayed to 2021, has broken all records, costing the Japanese government (and, by extension, its citizens) an estimated $28 billion. Part of the cost was the inevitable one-year delay, which added roughly $2.8 billion to the final tally. But like virtually every other Olympic bid, the Tokyo event was estimated to cost far less than it eventually did; the Japanese bidding committee proposed to spend just $7.3 billion when they were awarded the event back in 2013.

There are several lessons here. One is that if your local officials are thinking about contending for the privilege of hosting an Olympic spectacle, you should think about drafting an opposing petition. Another is that, if your local officials succeed, don't believe any of their cost estimates. The citizens of Montreal learned that lesson the hard way, when their 1976 construction costs came in 720 percent over budget. Barcelona, in 1992, reported 266% cost overruns, while Russia's Sochi Olympic construction costs ran 289% over the initial estimates.

But of course, the host city still has those newly-constructed venues, which are surely worth some decent fraction of the cost of building them. Right? As it turns out, the fancy 'bird's nest' stadium built in Beijing, and similarly extravagant venues in Sarajevo, Athens and Rio, are now crumbling and largely forgotten—or, at least, the government hopes they are fading from their citizens' memories. The same fate may or may not happen to the city of Tokyo, but given the enormous cost of hosting games that will proceed without spectators, one might forgive the citizens of Japan for deeply resenting their part of the "bargain."

Sources:

https://www.statista.com/chart/5424/the-massive-costs-behind-the-olympic-games/

LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

INDIVIDUAL DISABILITY INSURANCE

Insurance is a decision to prepay a modest fee for something you hope never happens: You pay a premium hoping you'll never have an automobile accident, your house will never burn down, and you will never be incapacitated and unable to work. Given this framework for insurance, it's understandable that finding the lowest cost for coverage is often the predominant economic consideration.

But there are occasions where the greater emphasis should be *obtaining the* ***best*** *insurance,* rather than paying the lowest premium. This focus on insurance quality is essential when considering disability coverage, particularly for those with "specialized incomes," i.e., business owners, self-employed professionals, or anyone whose income is dependent on sales, billable hours, or some other volume-of-work measurement (number of patients seen, inspections completed, etc.). For this subset of income earners, having an individually-owned disability insurance policy is the preferred approach to income protection. While other forms of disability insurance may offer some measure of income protection, they also leave the specialized income earner exposed to significant risks. Consider the following issues:

An employer can drop or change group coverage. A recent insurance industry publication highlighted the decision of a major player in group insurance to implement rate increases of 15 to 18 percent for long-term disability insurance (LTD) in response to increased claims. Raising premiums has ripple effects – including the decision of some employers to cancel their group disability plan. At a recent conference call, the company's commercial markets president acknowledged, "We did not renew our largest account, effective January 1, after being unable to agree to terms."

Imagine your disability insurance was provided by this group plan. You now face two unpleasant scenarios: higher premiums for the same benefits, or no coverage

at all. One of the frequently stated drawbacks of group insurance is the lack of *portability*, i.e., you can't take it with you when you change employers. But group coverage isn't *permanent* either. Both the employer and the insurance company have unilateral authority to discontinue the coverage.

Less-than-comprehensive coverage. It's not just the loss of personal control that makes group disability coverage problematic for specialized incomes. Group plans are less likely to offer favorable own-occupation definitions and residual benefits, features that can make a big difference in helping those with unique income arrangements weather the economic turbulence of a disability. While it may be possible to cobble together a disability insurance program that relies on a combination of Social Security Disability Insurance (SSDI) and

continued to the next page

4275 Executive Square,
Suite 800 La Jolla, CA 92037
p. 619.684.6239

LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

INDIVIDUAL DISABILITY INSURANCE

group coverage, the consequences of buying disability protection "on the cheap" can be significant if a debilitating incident occurs.

WhiteCoatInvestor.com is a website started by an emergency physician to provide a forum for medical professionals to discuss various financial issues. Deciding what type of disability insurance to buy is a frequent and ongoing topic. In a recent post, a young ER doctor explained his decision to buy a modest amount of individual disability coverage, and supplement it with a group plan. In the 20 comments that followed his post, the overwhelming advice from other doctors: **you shouldn't rely on group coverage**. Here are two posts offering personal experiences:

Comment #1: I too am an ER Doc and was employed by a stable group that had been around for 28 years. I had been with the group for 16 years when suddenly and without warning our group was forced to split into 2. We parted amicably, but my smaller group ended up joining a larger regional group. A good group, but a different group with very different benefits. Don't skimp on your individual disability insurance, assuming that your company can and will provide group insurance forever.

Comment #2: You can rationalize all you want, but why not protect as much of your income as you can? It's nice to think you don't need all your income, but as my husband and I have found since his permanent disability 8 years ago, we really wish we had purchased an individual policy instead of having to rely on his group policy and SSDI – because all the associated costs of a disability are EXTRA and don't fall under income replacement...like paying for a caregiver or medical equipment/medicine not covered by insurance. He was highly compensated and young (mid-40s) and cannot work again – with group and SSDI we've lost over half his income, his bonus, cost of living increases AND contributions to his 401K. Now tell me again why you shouldn't protect as much of your income as you can?

A Checklist for Specialized Incomes

If you have a specialized income, the following is a short list of essential features that should be part of any quality individual disability insurance discussion.

- Non-cancellable, guaranteed renewable
- Own-occupation definition
- Cost-of-living adjustments
- Residual and Partial Benefits
- Recovery Benefits
- Proportionate Benefits
- No limitations on Mental & Nervous disorders

The specifics will vary depending on the policy, and the devil is in the details, so be prepared for an in-depth evaluation.

Taking the time to obtain quality disability coverage today offers you the prospect of much greater peace of mind for the rest of your working years.

4275 Executive Square,
Suite 800 La Jolla, CA 92037
p. 619.684.6239

LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

AGE BY STATE

The U.S. state with the oldest population has to be Florida, right? That's where elderly people from the Northeast go to retire.

Actually not.

Surprisingly, when you measure each state (and territory) by the median age of its citizens, you find that Maine is America's oldest state, with a median age of 45.0 years old. Puerto Rico is second (43.6), followed by New Hampshire (43.1) and Vermont (43.0).

Florida comes in 6th by this measure, median age 42.5, just behind number 5 West Virginia (42.9) and ahead of Connecticut and Delaware (both median age 41.1), followed by Pennsylvania (40.8), Rhode Island and New Jersey (both 40.1) The northeast, and the east generally, is where to look for older Americans.

At the other end of the spectrum, Utah (31.3), the District of Columbia (34.2), Alaska and Texas (both 35.0) and North Dakota (35.3) have the lowest median age across their population. The overall median age for the entire country is 38.2 years.

But is that the best way to measure which states have an older or younger population? Why not look at the states with the highest percentage of citizens age 65 or older?

Even by that measure, the state of Maine comes in first; 20.6% of its citizens are older than age 65. By this measure, Florida comes in second (20.5%), followed by West Virginia (19.9%), Vermont (19.4%), Delaware and Montana (both 18.7%), Hawai'i (18.4%), Pennsylvania (18.2%), New Hampshire (18.1%) and South Carolina (17.7%).

Older Americans are least likely to live in Utah (11.1% of the population), Alaska (11.8%), Texas (12.6%), Georgia (13.9%), Colorado (14.2%) and California (14.3%).

The best explanation for the higher concentration of older Americans in the Northeast is that younger adults in those states are moving south and west, where there are greater educational and job opportunities, while their parents are left to age in place. California and Texas have been especially popular destinations for those younger migrants, which has kept their populations relatively young.

Sources:

https://en.wikipedia.org/wiki/List_of_U.S._states_and_territories_by_median_age

https://www.prb.org/resources/which-us-states-are-the-oldest/

MEET OUR TEAM

www.LivingLegacyLLC.com | 619.684.6239

4275 Executive Square,
Suite 800 La Jolla, CA 92037
p. 619.684.6239