



## **Healthy 401(K) Linked to healthy People**

By: VitaMedica Staff | September 16, 2014

You know what they say about ‘early to bed and early to rise,’ but it turns out it’s not just your sleeping habits that affect your future health and wealth.

In fact, it may be your saving habits that actually predict your health behaviors. This means if you’re a saver, you’re more likely to change your habits to tackle a health hazard so you can actually enjoy what you save.

So says a recent study published in the journal *Psychological Science* by researchers from Olin Business School at Washington University in St. Louis.

“Those who save for the future by contributing to a 401(k) improved abnormal health test results and poor health behaviors approximately 27 percent more than non-contributors.”

Researchers collected personnel and health data from eight industrial laundry locations across multiple states. Using the information, they divided the 213 employees into two groups: those who contributed to the company 401(k) plans and those who did not. This allowed researchers to compare the two groups and see how participants changed their behavior in order to address a health risk.

Employees were given an initial health screening that included tests for diabetes, cholesterol, kidney, electrolytes, white blood cells, prostate, iron, blood calcium, cell balance, enzymes, thyroid, and overall blood count, and the results were shared with each participant as well as his/her primary care physician. The screening results showed that 97% of the employees had at least one abnormal blood test, while 25% had at least one severely abnormal finding.

After giving employees information on risky health behaviors and anticipated future health risks, the researchers then followed the laundry workers for two years. They examined how the employees tried to improve their health and if any changes they made were associated with financial planning habits.

Once differences in initial health, demographics, and job type were accounted for, the researchers found that retirement savings and health improvement behaviors were highly correlated.

While the contributors and non-contributors had similar health at the start of the study, the employees who had contributed to their 401(k) plans improved their health significantly more than non-contributors. Contributors saw a 27% improvement in abnormal test results and a 15% to 22% improvement in high risk factors (i.e. increased seatbelt use, reduced smoking, and reduced use of sleep and relaxation medications).

Contributors also saw a 1.8% reduction in risk for diabetes, a 3.1% reduction in the risk for small blood vessel complications resulting from diabetes (like diabetic retinopathy, which causes blindness), and a 8% to 12% reduction in cholesterol-related low-density lipo- protein (LDL) and very-low-density lipoprotein (VLDL) respectively.

By contrast, non-contributors continued to experience declining health.

The researchers suggested that inadequate retirement savings and chronic health problems are influenced by ‘time discounting,’ a common cognitive bias, or error in thinking, where people prefer smaller immediate rewards over larger future rewards.

Though time discounting could not be confirmed as the main motivating factor for both health-related behavior and financial planning, the researchers noted that the results were not accounted for by other factors, such as their willingness to take professional advice, conscientiousness, cognitive ability, the extent of their financial need, or their life expectancy.

“Our analysis suggests that the same underlying psychological factors that are linked to retirement planning also predict health-improvement behaviors,” they concluded.

### **The Bottom Line**

Instead of getting a smaller paycheck now and having a larger retirement fund later, you can get the money now but have less saved for the future. In the same respect, you may enjoy steak, cookies, and soda now, but suffer the health consequences of a poor diet years down the line. Are these immediate “rewards” worth it in the end? No way! Consider this: another recent study conducted by financial services firm Merrill Lynch and Age Wave found that 81% of retirees cite health as the most important ingredient to a happy retirement, followed by financial security (58 percent), among other factors. Yet more than half of all retirees stop working earlier than planned, most often due to a health problem. This generally means their finances are more strained and their retirements less comfortable.

The lesson here? We need to think and plan long-term whether it’s for our financial health or our physical, mental, and emotional health. Start modifying your decision-making by making healthy lifestyle choices like eating healthfully and getting regular physical activity. Put together a plan: just like you contribute to your 401(k) with every paycheck, give yourself structure and a strategy.

For example, you might eat vegetarian every Monday (Meatless Monday), eat fish on Fridays, do yoga Tuesdays and Thursdays, and jog Wednesdays. By starting with a simple schedule that fits into your lifestyle, you may find that discipline spilling over into other areas of your life – including your finances.

So here’s our updated version of the adage: By planning our eating and exercise, we’ll undoubtedly be healthy, wealthy, and wise!

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