

Health Trumps Financial Security for Retirees

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Alzheimer's is 'scariest disease in America,' Age Wave CEO says



Boomers are twice as likely as their parents to question doctors' orders, the study found.

Merrill Lynch released in September the results of a study conducted with Age Wave that examines the role health plays in retirement planning. The report found 81% of retirees feel health is the most important part of a happy retirement. By comparison, 58% of respondents said financial security was most important, followed by family and friends (36%) and having a purpose in life (20%).

The study, "[Health and Retirement: Planning for the Great Unknown](#)," was conducted with Age Wave in May with responses from over 3,300 adults 25 and older and an additional sample of over 2,120 respondents 50 or older with at least \$250,000 in investable assets.

There are three major forces affecting health in retirement and what it means for consumers. First, boomers are more empowered health care consumers. Second, as life spans get longer, the risk of chronic disease increases for retirees. Finally, longevity is putting pressure on health and wealth in new ways.

Boomers are proactive when it comes to their health, the survey found. When compared to their parents' generation, they're more than four times as likely to say they actively research health information more than twice as likely to question their doctor's orders.

Boomers are also twice as likely as their parents to think of their doctor as an ally or partner who is on their "team to optimize their own health," Ken Dychtwald, president and CEO of Age Wave, said on a conference call discussing the results of the survey. "By the way, I can't help but think you'll see a parallel phenomenon take place in the world of financial services as this generation challenges, wants to have partnerships, wants to ask questions, wants to be informed."

Financial advisors spend a lot of time helping clients become financially prepared for retirement. But retirement isn't just about money.

Boomers are also more proactive because they believe their lifestyle decisions will be important for a healthy retirement. Diet and exercise was the primary way boomers are mitigating future health risks with 80% saying that was the most important aspect of staying healthy in retirement. A close 78% cited having interests that keep you active as an important factor.

Unfortunately, boomers are "wildly uninformed" about health and "very few of them have had discussions with their loved ones, with their doctors, with their financial advisors," Dychtwald

said. “It’s quite staggering to see a level of consumer activity not matched by a level of knowledge and experience and perspective.”

The study identified four boomer “health styles” that show how financial and physical health intersect. The majority were either “healthy and proactive” (29%) or “course-correcting and motivated” (29%).

Healthy and Proactive boomers are the most actively engaged in good health behaviors and feel well-prepared for retirement. The Course-Correcting and Motivated boomers have had a “wake-up call” and are working to correct bad behavior.

Almost a third of boomers, though, fall into the “Challenged and Concerned” category. These boomers are not in the best health and are not doing everything they could to improve it. They’re worried about the impact their illness will have on their finances, and are most likely to say health care costs and information about insurance is “overwhelming and confusing.”

These boomers need help taking control of their health situation, especially how they will manage health in retirement. Just a third have researched retirement-related health care costs and insurance options, and among those who are married, even fewer have talked about these concerns with their spouse.

Health care costs can be expensive and unpredictable, but health can present a “double threat” if an illness or disability forces an early retirement, according to David Tyrie, head of retirement and personal wealth solutions for Bank of America Merrill Lynch.

Over half of retired boomers stopped working earlier than they thought they would, and of those, 37% said it was due to a health problem.

“Regardless of wealth level, health care expenses are ranking the most pressing financial concern in retirement at 41%,” Tyrie said on the call. “That exceeded even the fear of outliving one’s money, which is 29%.”

Even though past performance is no guarantee of future results, boomers may not fear outliving their money as much because they feel more in control of possible economic outcomes.

“What we heard in the focus groups [was] people saying, ‘I can kind of plan for inflation changes or maybe the market will go up and down, but how do I know what health problems I might have?’” Dychtwald said. “The unpredictability of it can really paralyze you.”

Boomers may also struggle with picturing themselves as falling ill. The survey found respondents were more concerned about the financial impact a spouse’s illness would have on retirement than their own, Tyrie said.

“Women, who are likely to live longer and more apt to spend down savings on their spouse’s health care, are even more concerned: 70% versus 62%,” he said.

The survey asked respondents what health condition was most concerning to them and the overwhelming response was Alzheimer’s and dementia. More people said dementia was scarier than cancer, stroke, heart disease, diabetes and arthritis combined.

“If you’re going to concern yourself with people, what’s in their hearts and minds and worries, you have to ask, ‘What are you scared of?’” Dychtwald said. It’s not just boomers and elderly respondents who feel that way. Fifty-three percent of millennials and 52% of Gen X respondents said Alzheimer’s and dementia were scarier than cancer (30%).

“For the first time ever in this study, people from 25 years on up are all now saying Alzheimer’s is the scariest disease of later life; scarier than all the other diseases combined.”

Dychtwald called on government leaders to increase the amount of funding that goes into Alzheimer’s research.

“Certainly a good deal of being healthy in later life is on one’s own shoulders: eating well, exercising, keeping the right body weight,” Dychtwald said. “But we’re not going to beat Alzheimer’s through exercise or by doing crossword puzzles.”

Cancer gets nearly \$6 billion in funding each year from the National Institutes of Health, but funding for Alzheimer’s—“now the scariest disease in America”—gets only \$550 million, Dychtwald said. Dementia research receives about \$666 million in funding from NIH.

The [NIH spending report](#), last updated in March, noted that its research categories are not mutually exclusive and individual projects might be included in multiple categories.

“Alzheimer’s has become like a black hole that is devouring people’s retirement,” Dychtwald said. “It’s devouring people’s health and wealth, and it’s not up to them as individuals to beat this disease. It doesn’t work that way. It’s up to our leaders and our government to put an end to this disease.”

He added, “Nothing could be done to improve retirement for the American population that would have a bigger impact than wiping Alzheimer’s off the face of this earth.”

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