



Few Ready to Deal with Poor Health in Retirement

By Marlene Satter | September 12, 2014

If you ask boomers for the single most important ingredient for a happy retirement, the overwhelming majority will say it's good health. But while many are taking steps to improve their own health, they're not saving enough to meet the [expenses of an unexpected health crisis — or even planning to.](#)

So says a new study from Merrill Lynch Wealth Management and Age Wave, which found that 81 percent of boomers say that good health is the key to a good retirement. However, nearly two-thirds of those 50 and over say their greatest retirement health worry is not being able to afford care and long-term care expenses.

Only 37 percent say they'll need LTC in retirement, but the reality is that nearly double that number — 70 percent — will end up having to shell out for LTC at some point.

Considering that only 15 percent of pre-retirees even attempt to figure out how much money they might need to cover health care or LTC costs once they've retired, the study suggests that they need help in doing so — even for something as universal as Medicare, which only 7 percent of people age 55-64 claim to understand.

Few say they have a trusted advisor to help them on Medicare (14 percent), LTC insurance (12 percent) or health care costs (11 percent). Less than a third has even had a conversation with their spouse about how much to save to pay for retirement health care costs or LTC.

While many people plan to work longer these days to have more money for retirement, health issues often get in the way. In fact, 55 percent of retirees have left the workforce before they planned, and the top reason given is a health problem (37 percent). These folks are facing a double whammy: not only did they have less time to amass a healthy nest egg, they're having to draw on it sooner and spend more than they anticipated to cover health expenses.

And with the specter of chronic health problems such as Alzheimer's, diabetes, heart disease, arthritis and cancer haunting a longer-lived population, it's obvious that people have to consider health as a potentially large expense when setting financial goals for retirement.

The study suggested several proactive steps they can take to better their chances of a good retirement outcome, both for health and finance:

- invest in health earlier in life to boost chances of a healthy retirement;
- estimate and plan for health and LTC expenses during retirement;
- educate oneself on Medicare;
- plan for possible lost income;
- develop contingency plans;
- and talk with spouses, family members and advisors about retirement health care topics.

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