



The Easy Way to Beat the High Cost of Health Care in Retirement

By: Dan Kadlec | September 12, 2014

Out-of-pocket healthcare costs may total \$318,000 in your retirement, new research shows. This expense is most peoples' biggest worry. But it needn't be.

Americans' top financial concern in retirement is paying for healthcare, which has been rising at twice the rate of inflation and will reach more than \$318,000 in out-of-pocket expenses per retiree over a 30-year stretch, new research shows. And those out-pocket costs do not include potential further expenses associated with long-term care.

Strikingly, the fear factor is most acute among the affluent. Perhaps because they have more to lose (or fewer things to worry about), 60% of folks with investable assets greater than \$5 million name healthcare costs as their top retirement concern, compared with 35% of those with less than \$250,000 in investable assets.

The findings come from a health and retirement report out today from Bank of America Merrill Lynch and aging consultants Age Wave. Overall, 41% of those age 50-plus name healthcare costs as their top financial concern; 29% say it's outliving their money; and just 11% cite Social Security cuts.

Three major health-related forces are conspiring to change the face of retirement planning, according to the report:

- Boomers, now all 50-plus, have high expectations for wellness and will demand care that may be costly but keeps them vital and feeling young.
- Longer life spans will give rise to greater numbers of retirees suffering from chronic diseases including hypertension, heart disease, diabetes, cancer, Alzheimer's and arthritis.
- Long-term care costs are unpredictable and can run into many tens of thousands of dollars in a short time, potentially putting a lifetime of saving and planning at risk.

These forces present a huge challenge to government, which must try to keep costs from rising too fast, and to the scientific community, which could make longer lives a joy by discovering treatments for chronic diseases. The report notes:

“If we could find an effective treatment or cure for Alzheimer’s the future health and financial landscape for almost every family would be dramatically improved. The goal is to match our health spans (how long we can expect to be healthy) with our increasing life spans.”

A more readily solved problem may be the dearth of medical professionals focused on healthy aging. Today, there is only one certified geriatrician for every 13 pediatricians, even though the 65-plus population is growing four times faster than any other cohort and is most likely to suffer from some kind of ailment, according to the report. Put another way: We have one pediatrician for every 1,200 children, but just one geriatrician for every 9,400 older adults.

Institutional change will not come fast. So it is important that, as part of taking charge of your financial future, you also take charge of your health. This includes:

- **Exercise** People who begin exercising in their 60s or 70s are three times more likely than those who don’t exercise to age in good health.
- **Diet** A healthy diet improves heart health, fortifies bones, and reduces the risk of stroke, type 2 diabetes and cancer.
- **Weight** People 45 to 64 who eat well, maintain a healthy weight, and exercise a few hours a week can reduce risk of cardiovascular disease by 35%.
- **Connections** A low level of social interaction is just as unhealthy as smoking and can be healthier than lack of exercise or obesity.
- **Lifestyle** It’s never too late to quit smoking, and the benefits are almost immediate. People who consume more than two drinks a day have a 62% greater risk of stroke.

Your money and your health are all part of the same equation in retirement. The good news is that anyone can choose to live healthier—and doing so can make a big difference as to how well you live your last 20 or 30 years.

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