



## **Employers Should Consider Boomer Generation When Forming Retirement Health Plans**

By Nick Otto | September 15, 2014

The impending post-retirement health costs of America's baby boomers may still seem remote, but benefits managers would do well to help their older workers by working together to consider those potentially explosive concerns – and include them in a comprehensive employee health plan.

There are three major forces redefining how individuals plan for their golden years, including: an empowered baby boomer generation of health care consumers, the potential rise of chronic disease due to longer life spans and figuring out how longevity is causing health and wealth to converge.

“The unpredictability of one's health as we move through life, especially in later years, makes it the most difficult thing to plan for,” says Andy Sieg, head of global wealth & retirement solutions for Bank of America Merrill Lynch.

Boomers are a whole new type of health care consumer — ones who take charge of their health and health care decisions. And compared to earlier generations, boomers are 2.5 times more likely to say they are proactive about their health, as well as four times more likely to actively research health information, according to new research from Merrill Lynch.

“You've got this massive baby boomer population growing,” says David Tyrie, head of retirement and personal wealth solutions at Merrill Lynch. “Do we have a health care system in place that will allow this population to grow old with the lowest cost yet still live comfortably?”

Boomers have proven to be demanding health care consumers, according to Merrill Lynch's survey, *Health and Retirement: Planning for the Great Unknown*. The vast majority (96%) say it is reasonable to expect their doctors to call them back the same day (vs. 85% of doctors who say it is reasonable), and 95% say it is reasonable to expect their doctors to ask them about their fears and concerns (vs. 10% of doctors).

That level of involved behavior begins to fall apart, Merrill's research shows, when boomers fail to actively examine and chart those potential health- and long-term care costs and the steps pay for them, out of concerns that they lack the money to do so. “You could be putting a burden on your family,” Tyrie adds. “No one has a crystal ball, but you can be really diligent about the ‘what ifs.’”

The study classified boomers into one of four different “healthstyles”:

- Challenged and Concerned (32% and mostly women), who often have chronic conditions.
- Healthy and Proactive (29% and mostly women).
- Course-Correcting and Motivated (29% and mostly women), who have had a serious illness or diagnosis.
- Lucky but Lax (10% and mostly men), who are relatively healthy.

Merrill Lynch advises retirees to take proactive steps to prepare for health care expenses in retirement. Retirees should estimate and prepare for out-of-pocket health care expenses, and to create a contingency plan for unexpected health problems and health care expenses.

Benefit managers can help by better educating employees on Medicare, including new preventative care and recent eligibility changes for therapy and home care.