



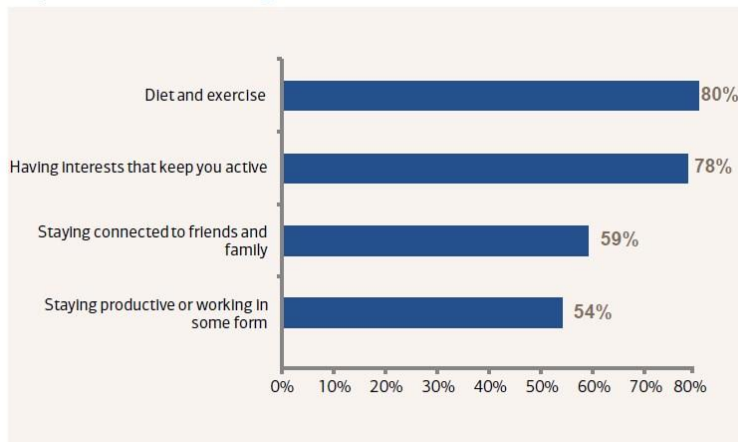
## Health Is Key To Happy Retirement, And Greatest Financial Worry

By: Marie Cabural | September 16, 2014

*Healthcare costs in retirement is the biggest financial concern among Americans age 50 and above*

Health is the most important recipe to a happy [retirement](#), according to a new research conducted by Bank of America Merrill Lynch in collaboration with Age Wave.

Figure 3: Percent of boomers who say the most important aspect of maintaining health in retirement is...



Base: Age 50-68

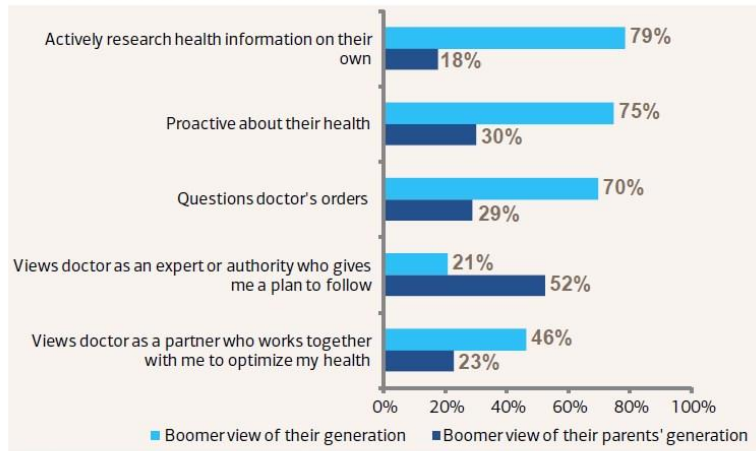
The study entitled “*Health and Retirement: Planning for the Great Unknown*” surveyed examined three major factors redefining how people plan for life in their old age. These factors include:

1. an empowered baby boomer generation of health consumers
2. the potential rise of chronic disease due to longer life spans
3. how longevity causes health and wealth to converge like never before

“As [boomers](#) move into their later years, health will be the ultimate retirement wildcard. For many, health can be the difference between a retirement of opportunity and independence or one of worry and financial challenges” said Andy Sieg, head of Global Wealth and Retirement Solutions for Bank of America Merrill Lynch.

In addition, Sieg said, “This research makes clear that the convergence of health and wealth should be factored into planning for later life.”

Figure 2: Boomers' view of their own generation vs. their parents' generation



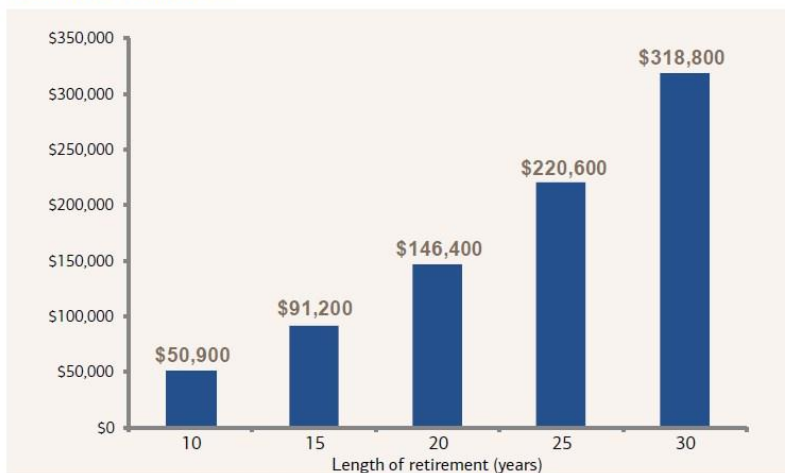
Base: Age 50-68

### Important factors for a happy retirement: Findings

Among the 3,300 people polled by Bank of America Merrill Lynch and Age Wave, health is the most significant factor to a happy retirement (81%) followed by financial security (51%), loving family and friend (38%) and having purpose (20%).

Healthcare costs in retirement is the biggest financial concern among Americans age 50 and above, regardless of the amount of their wealth. The study found that a majority of the people have not quantified health care costs in their retirement planning.

Figure 6: Estimated out-of-pocket health care costs if retirement lasts...



Source: Yamamoto, D. H. (2013). Health Care Costs: From Birth to Death. Health Care Cost Institute Report. Estimates assume retirement starts at age 65 and include uninsured out-of-pocket health care costs and Medicare and any other insurance premiums. Estimates exclude long-term care costs.

The study found that 7 out of ten couples age 50 and above have not discussed the amount of money they need to save to pay for their healthcare during their retirement. Only 19% felt they

had a strong understanding about the healthcare costs covered by [Medicare](#). More than 50% of the respondents were forced to retire earlier than anticipated due to health problems.

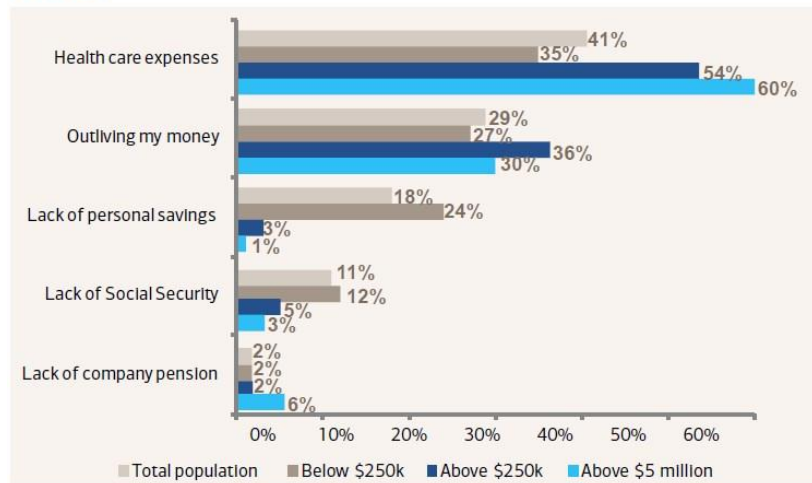
Alzheimer's is the number one disease or health condition that scares 54% of the respondents in their later life. Respondents age 50 plus believe that future medical innovations and technologies could prolong their lives by more than ten years.

Boomers are reshaping their approach to health

Boomers are a new type of health care consumer, and they are expected to reform their approaches to health care over the next years compared with their parents, according to the study. They demonstrated that they were the type of persons who take charge of their health and decisions on health care.

The study revealed that boomers are 2.5 times more likely proactive about their health and four times more likely active in researching health information. In addition, there is a greater probability for them to perceive their doctors as partners who work with them to improve their health. They are also highly-optimistic about their health as almost 80% of the boomers expect their generation will be active and healthy at the age of 75.

Figure 5: Greatest retirement financial worry by investable assets



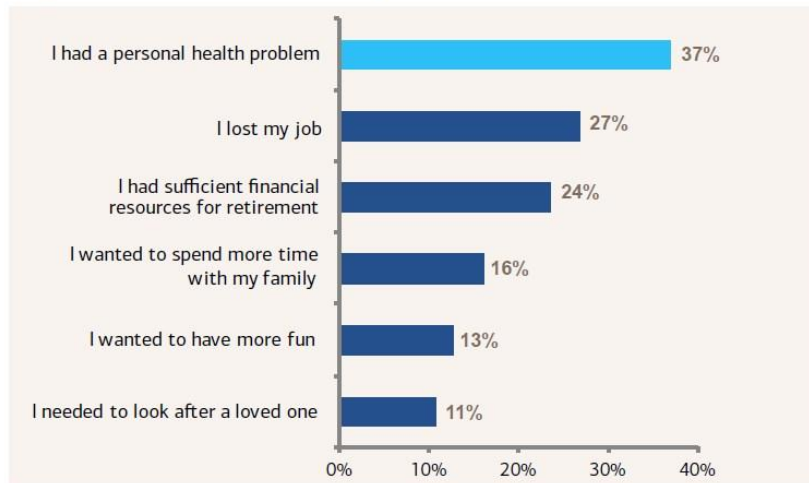
Base: Age 50+

According to Ken Dychtwald, Ph.D., founder and CEO of Age Wave, “As demanding consumers, [boomers](#) have redefined nearly every life stage, and the way they approach health and health care will be no different. Boomers would be wise to boost investments in their health, through healthy behaviors and lifestyle choices.”

Based on the study, health care expenses are the most pressing financial concern among 41% of the respondents regardless of their wealth level while 29% are worried about outliving their money.

David Tyroe, head of Retirement and Personal Wealth Solutions for Bank of America Merrill Lynch emphasized that people are increasingly seeking guidance to be able to make informed decisions for themselves and their families because health challenges can be a double threat to retirement financial security.

Figure 10: Reasons for early retirement



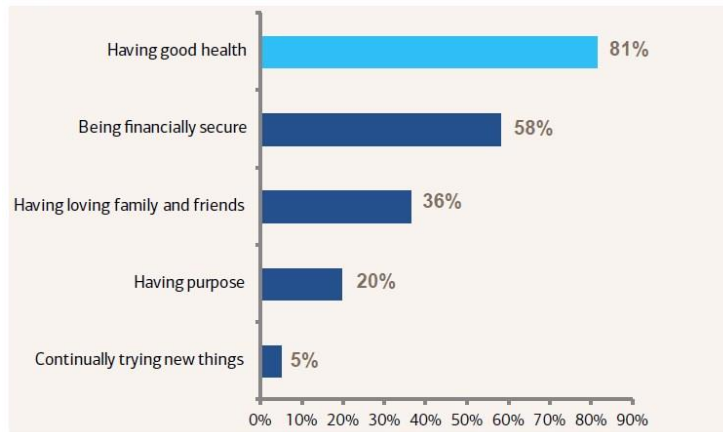
Base: Retirees, age 50+ who retired earlier than planned

“Between unpredictable and costly health care expenses and unexpected early retirement due to health problems, planning ahead can be confusing and overwhelming,” added Tyrie.

The study revealed that 66% of the respondents are more worried about the financial impact of a spouse’s serious illness than their health condition. Seventy percent (70%) of women who are expected to live longer are more concern than men about the financial impact of the spouse developing a serious health problem.

Majority of the respondents age 50 plus anticipate they would help other family members confronting health problems and health care costs, which is probably one of the reasons people are concern about planning for health care costs.

Figure 1: Percent of retirees who say the most important ingredients for a happy retirement are...



Base: Retirees, age 50+

Original URL: <http://www.valuwalk.com/2014/09/health-retirement/>