



How Smart Are You About Health Care?

By: Anne Tergesen | September 16, 2014

Are you on track to retire healthy and financially secure? Or are you likely to fall short in one or both of those areas?

When it comes to planning for their health in retirement, [a new survey of 2,153 boomers by Merrill Lynch](#) identifies four types of people – and you probably know which one you are. The bad news: The type with the most members is the type that’s in the worst physical and fiscal shape.

The researchers who conducted the survey assigned people to the four categories on the basis of how they answered a series of questions about their health and money, says David Baxter, a senior vice president at Age Wave, a company that researches topics relating to the aging population and boomers and helped Merrill Lynch with the report. Those in each category have a general tendency to take similar approaches to preparing their health and wealth for retirement, says Baxter.

The top category is the one most of us aspire to—although only 29% of the population actually makes the grade. The “healthy and proactive” person is typically doing well when it comes to both health and planning. Predictably, three-quarters of folks in this category do what the doctor orders – by exercising, eating well, keeping their weight down, staying socially connected and minimizing stress and alcohol. Those in this category also are more likely than average to have researched retirement-related health-care costs, including insurance, and to have had conversations with their spouses about these topics. Three-quarters say they don’t allow things to prevent them from living a healthy lifestyle. And 93% say their health is a source of pride. (Within this group, 55% are women.)

Another 29% of boomers can count themselves among the “course-correcting and motivated.” These people have had a wake-up call, usually in the form of a health scare, and are now taking better care of themselves. They are also more likely than average to have researched health-care expenses and insurance; 53% are women.

The “lucky but lax,” who make up 10% of boomers, aren’t proactive about either their health or their finances. Few have researched or had conversations with their spouses about retirement health-care topics. Only one-third report exercising, eating well or engaging in other healthy behaviors. But defying the conventional wisdom, few report chronic illnesses—that’s the “lucky” part. (About 60% are men.)

The last category, the “challenged and concerned,” are in the worst shape, and make up 32% of boomers. They say they tend to have chronic conditions that “keep them from doing the things they enjoy.” Almost 60% say life gets in the way of their plans to do healthy things. Although

they are very worried about the cost of their illnesses, few have done any research or financial planning. And few have had conversations with their spouses. In general, they are “overwhelmed” and “confused” by the cost-related information they have read. (Almost 60% are women.)

To prepare for health-care costs in retirement, Merrill Lynch recommends that people take several steps:

- Estimate how much money you might need to cover health care and long-term-care. [Fidelity publishes annual estimates of health care-related costs](#), which include premiums for Medicare and supplemental “Medigap” coverage, copayments, and deductibles.
- Educate yourself about Medicare. (See “Medicare & You,” available at [medicare.gov](#).)
- Plan for the possibility that, due to an unexpected illness, you may have to retire earlier than you expected.
- Have conversations about health and health care-related costs with your spouse.
- Think about whether you need [long-term-care insurance](#).

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