

Health Tops Wealth as Biggest Retirement Worry for Older Workers

By: NAPA Staff | September 15, 2014

Being financially secure in retirement is important, but it came in a distant second to having good health (58% to 81%) in a new survey that identified the most important ingredients of a happy retirement.

Among people age 50+, the greatest retirement health worry is being unable to afford health care and long-term care expenses, according to the study, which was conducted by Merrill Lynch and Age Wave. While only 37% of people age 50+ believe they may need long-term care during their lifetimes, the report notes that 70% will, in fact, need long-term care at some point during their later years.

More people are more concerned about the financial impact of a spouse's serious illness (66%) than their own illness (62%). Women — who are likely to outlive their spouses and may spend down savings paying their health care expenses — are even more concerned than men (70% vs. 62%) about the financial impact of a spouse's serious health problem.

Missed Expectations

The majority of retirees surveyed (55%) say they retired earlier than they had expected, while 38% retired when they planned to, and just 7% later than they expected. And while the report notes that early retirement used to be equated with financial success, today's retirees say that health problems are now the top reason for their early retirement (37%), compared with 27% who lost their job, and 24% who said they had sufficient financial resources for retirement.

The report notes that fewer than one of six pre-retirees (15%) has ever attempted to estimate how much money they might need for health care and long-term care in retirement. Moreover, those pre-retirees age 50 and older who have begun researching retirement health care costs and insurance say that the information available to them is:

- overwhelming (54%)
- confusing (49%)
- frustrating (36%)

The flip side: Roughly one-in-five said it was:

- empowering (22%)
- convenient (21%)

- comforting (19%)

A mere 7% of people age 55-64 say they feel very knowledgeable about Medicare coverage options. Even among Medicare recipients, only about one in five (19%) say they are very knowledgeable about Medicare offerings.

According to married pre-retirees age 50+, 7 out of 10 have not had a discussion with their spouse about how much should be saved to pay for health care during retirement, or about how to pay for any long-term care that might be necessary.

When asked to compare themselves to their parents' generation, Boomers said they are:

- Two-and-a-half times more likely to say they are proactive about their health (75% vs. 30%)
- More than four times more likely to say they actively research health information (79% vs. 18%)
- More than twice as likely to say they question doctors' orders (70% vs. 29%)
- Less than half as likely to say they think of their doctor as an authority who gives them a plan to follow (21% vs. 52%)
- Twice as likely to say they view their doctor as an ally — a partner who works with them to optimize their health (46% vs. 23%)

The report, "Health and Retirement: Planning for the Great Unknown," explores three major forces that are redefining how individuals plan for later life, including an empowered Baby Boomer generation of health care consumers, the potential rise of chronic disease due to longer life spans, and how longevity is causing health and wealth to converge like never before. It was based on a nationally representative survey of 3,300 respondents.

Original URL: <http://www.napa-net.org/News/Browse-Topics/Inside-NAPA/Article/ArticleID/3250>