

Most Older Adults Have Not Begun Preparing for Retirement Health Care Costs



Background

The purpose of this survey was to understand the public's awareness and concern about health care costs that they may incur during retirement. It also sought to determine whether or not non-retired adults are currently saving to cover health care expenses in the future.

Key Findings

- **Most individuals have not taken steps to plan for health care costs in retirement.** Across age groups, only about one-third (36%) have tried to estimate how much money they will need to save and have set money aside to cover these expenses in the future. Adults age 60-64 (40%) are just slightly more likely than those age 50-59 (35%) to have money set aside although these differences are not statistically significant.
- **While most adults age 50-64 have given health care costs in retirement some level of thought, a smaller percentage is confident that they will be able to afford the costs.** Two-thirds of respondents have thought about the costs at least somewhat but only 52% are confident they can afford the costs. In fact, less than two in ten (16%) are *very confident* that they can afford the costs of health care in retirement.
- **Estimates of the actual costs of health care in retirement vary significantly.** More than four in ten adults age 50-64 (42%) believe they will need to accumulate less than \$100,000 to cover out-of-pocket health care expenses during their retirement. In addition, sixteen percent believe it will cost less than \$50,000 and 15% say they simply do not know.

Conclusions

The results of this survey suggest that most adults in their 50's and early 60's have not begun saving for health care costs they may incur during their retirement years. Many have given this some level of thought although it appears that, for the most part, no firm planning has taken place. Consequently, confidence in being able to afford health care costs in retirement is weak. When asked how much money one needs to accumulate to cover health care expenses in retirement, responses varied significantly. This lack of awareness, along with the incorrect assumption that Medicare pays for more health care than it actually does, may explain why the majority of adults in this age range do not have money set aside to cover health care costs.

Methodology: SSRS, an independent research company, collected telephone interviews among a nationally representative sample of 1,000 adults age 50-64 who are not retired from September 18 – October 9, 2013. This survey has a margin of sampling error of +/- 3% at the 95% confidence level. Results are presented using weighted data figures.