



NEWS RELEASE

Ameriprise Survey Says Americans Nearing Retirement Are Very Concerned About Health Care Costs, but Few Are Taking Financial Action to Prepare

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62% of pre-retirees expect some help from financial professionals to prepare for future health care expenses

MINNEAPOLIS--(BUSINESS WIRE)-- The overwhelming majority (86%) of baby boomers express concern about the affordability of health care in retirement, but very few pre-retirees admit they have taken financial steps to prepare for health care costs in retirement, according to a study released today by Ameriprise Financial (NYSE: AMP). The Health, Wealth and RetirementSM study, which surveyed more than 1,000 employed baby boomers ages 50-64 who are preparing for retirement with at least \$100,000 in investable assets, asked these individuals about their attitudes toward health, health care costs and the impact each may have in retirement.

When asked what they've done to prepare for funding healthcare costs in retirement, only one in five (19%) surveyed say they've taken one or more steps to prepare. One-fourth (26%) have reviewed their options but have taken no action and another two in five (40%) have thought about it but haven't looked into it in detail. Unfortunately, 15% of respondents haven't begun to consider how they will cover health care costs in retirement.

"Boomers understand that health care costs will be a significant expense in retirement, yet many haven't planned – or simply don't know how to plan – to fund these expenses," said Pat O'Connell, executive vice president, Ameriprise Financial. "Fortunately, the national conversation around health care is prompting people to consider their health and the choices they make, as well as the need to build health care expenses into their retirement and long-term financial plan. Pre-retirees have an opportunity to translate this awareness into tangible steps to help

prepare for expected and unexpected health care costs and protect the savings they've worked so hard to accumulate.”

Most pre-retirees fail to take specific financial action to address future health care costs

Few boomers have taken proactive steps to prepare for their future health care expenses. Only one-third (32%) have developed an advanced directive (a written statement of a person's wishes regarding medical treatment); 23% have extended the age they plan to retire in order to continue receiving health care coverage through their employer; one in five (21%) have obtained long-term care insurance and only 17% have maximized savings in an employer-sponsored health savings account (available based on eligibility).

These numbers are concerning but there is also reason to be hopeful: some boomers are considering taking action. About one-third (32%) of respondents say they have thought about developing an advanced directive and the same number (32%) say they've thought about purchasing long-term care insurance. Another one in five (19%) have considered contributing to a Health Savings Account to help fund health care costs in retirement.

A large group (62%) of those preparing for retirement can estimate the amount they may need to cover health care costs in retirement based on “what they've heard and read.” The average dollar amount these respondents predict they'll need (per household) is about \$232,000, which is surprisingly accurate based on data and independent estimates from other organizations such as the Employee Benefits Research Institute. On the other hand, only a small number (17%) of pre-retirees have actually calculated a specific estimate for what they may spend on out-of-pocket health care costs while another 37% have considered taking this important step.

Boomers' attitudes about health vary widely

Most pre-retirees (79%) believe that the healthy lifestyle choices they make today could have an impact on achieving their financial goals. Even more (88%) believe that these choices will have a financial impact specifically by reducing the amount of money needed for health care in retirement. The idea that boomers make the connection between their health and their wealth is encouraging.

Respondents hold both their health and their wealth in high regard. When asked which aspect of success in life they most wished to improve, more than one-third (38%) said their health and fitness, and approximately another third (35%) said their wealth, while the remaining chose other options including mental well-being, social relationships and professional success. These intentions are beneficial to living an ideal lifestyle in retirement, and many pre-retirees are likely to be taking actions to help attain a high quality of life in retirement and reduce the amount they may spend on health care. Nearly two-thirds (62%) report initiating a diet or exercise program as a strategy to reduce future health care costs.

Unfortunately, despite their collective efforts to remain healthy, a number of boomers have already experienced a

serious health event. One in four (26%) respondents say they or their spouse have been impacted by such an event and half (54%) admit it has affected their finances. Experiencing a costly health event before retirement underscores the importance of planning for these needs in the future. In fact, 78% of all respondents admit they're at least somewhat concerned about their personal health in retirement. This sentiment makes it even more critical that boomers begin planning for how they may fund such an event.

Many boomers look to financial professionals for help

Given the complexity of planning for health care costs in retirement, many pre-retirees plan on seeking help from a trusted source. In fact, a majority (64%) of boomers expect a financial advisor to play at least some role in discussions about health and health care costs in retirement.

"Maintaining health and preparing for health care expenses is a crucial aspect of living the lifestyle you want in retirement. Nobody can predict the future, but you can take steps and seek the help of a financial professional to plan for it," said O'Connell. "Factoring health care expenses – and discussing a plan for affording them with retirement income – into a comprehensive long-term financial plan can go a long way toward feeling more confident about retirement."

For more information about the Health, Wealth and Retirement study, see our [research page](#).

About the survey

The Health, Wealth and RetirementSM study was created by Ameriprise Financial utilizing survey responses from 1,075 Americans ages 50 to 64 employed full time with investable assets of at least \$100,000. The online survey was commissioned by Ameriprise Financial, Inc., and conducted by Artemis Strategy Group from June 26 – July 11, 2014.

About Artemis Strategy Group

Artemis Strategy Group (www.Artemisg.com) is a communications strategy research firm specializing in brand positioning, thought leadership and policy issues.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel confident about their financial future for 120 years. With extensive asset management, advisory and insurance capabilities and a nationwide network of approximately 10,000 financial advisors, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs. For more information, or to find an Ameriprise financial advisor, visit ameriprise.com.

For further information and detail about the Health, Wealth and RetirementSM study including verification of data that may not be published as part of this report, please contact Ameriprise Financial.

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Ameriprise Financial, Inc.

Meghan Graham, 612-671-0823

Media Relations

Meghan.L.Graham@ampf.com

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