

## **Society of Actuaries: Healthcare and Long-Term Care Risks in Retirement**

The mass exodus of the baby boom generation from the workforce is underway. In response to this phenomenon, the Society of Actuaries (SOA) released the *Healthcare and Long-Term Care Risks in Retirement Report* to help understand today's retirement-related risks. Anchored in centuries of helping the world understand risk, actuaries are using their rigorous training and risk insight to manage today's complex retirement environment with regard to healthcare and long-term care.

The report summarizes the results of a survey analyzing retirees' and pre-retirees' concerns on retirement. It also reveals how these groups have prepared or are preparing to face risks and offers personal risk management strategies and tips.

<b>Topic</b>	<b>Key Findings</b>
Affording health care and long-term care	<ul style="list-style-type: none"> <li>• Around 69% of pre-retirees are <i>very</i> or <i>somewhat</i> concerned about having enough money to afford adequate healthcare; 51% of retirees share that level of concern.</li> <li>• Additionally, 63% of pre-retirees are concerned about having enough to pay for long-term care; 52% share that level of concern.</li> </ul>
Financial protection against health risks	Fewer than half of retirees and pre-retirees have saved or plan on saving specifically for health expenses. Approximately 40% say they have bought or will buy long-term care insurance.
Importance of insurance coverage	Pre-retirees are more likely to feel it is very or somewhat important to buy insurance to protect against the financial consequence of unexpected events (71% vs. 61% of retirees).
Delayed retirement	Pre-retirees are more likely than retirees to believe that delayed retirement would increase their financial security in retirement.
Functional status in retirement	Pre-retirees are more likely than retirees to expect to experience all three phases of retirement: active; some level of limitations; and severely limited and much less active.
Dependence on services during retirement	Pre-retirees are more likely to expect to rely on family or community services (59%) than are retirees (46%).
Health status	Pre-retirees are more likely to rate their health better than are retirees: <ul style="list-style-type: none"> <li>• 59% of pre-retirees rate their health as <i>excellent</i> or <i>very good</i>; 49% of retirees feel the same</li> <li>• 11% of pre-retirees rate their health as <i>fair</i> or <i>poor</i>; 23% of retirees feel the same</li> </ul>

### **Actuarial Insight for Pre-Retirees**

#### **Personal Risk Management Strategies**

- To account for continuing care expenses: Long-term care insurance and life insurance; medical insurance and Medicare supplements
- To produce income longer: Invest in equities; ownership of home and other assets; Treasury Inflation Protected Security; annuity products with a cost-of-living adjustment; and a stage of semi-retirement to delay tapping retirement assets
- To preserve capital: Annuity products with a cost-of-living adjustments, joint and survivor and deferred annuities; life insurance

For a copy of the SOA's *Risks and Process of Retirement Survey Report's* summary and/or a full report, please contact Kim McKeown at (847) 706-3528, [kmckeown@soa.org](mailto:kmckeown@soa.org) or visit [www.soa.org](http://www.soa.org).