Millions Unprepared For Retirement Health Care Costs

(NAPSA)—According to a survey by Destiny Health, Americans are not saving nearly enough for health care needs in their retirement years and are at risk of ending up indigent, in bankruptcy or lacking adequate medical care.

Overall retirement savings are too low to begin with and respondents estimated they were setting aside a mere 20 percent of that amount for the health care costs they will encounter. There was a troubling lack of awareness of how great those expenses will be.

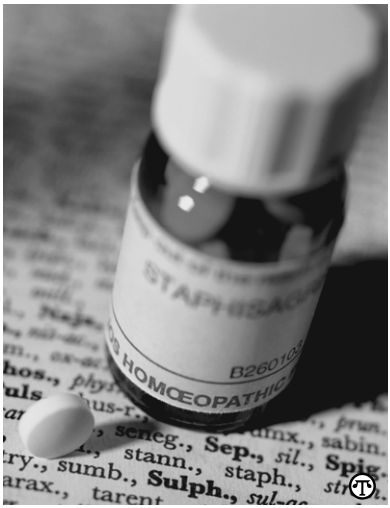
"This is a crisis," said Destiny Health CEO Scott Spiker. "A perfect storm is brewing and the question is will Americans save enough to weather that storm."

The combination of low savings, rising health care costs, declining Medicare coverage, the trend toward privatization and a steady drop in employers offering health coverage adds up to a recipe for disaster, according to Spiker.

For example, according to the survey data, only 54 percent are saving anything at all to meet the typical health care costs they will face in retirement and just 33 percent are putting money away for long-term care expenses.

Citing survey results on how people believe their retirement health care would be funded, Spiker said the problem is at least partially rooted in unrealistic expectations: 52 percent of the respondents are counting on Medicare or other health insurance, while 35 percent expect to pay for it themselves through savings or investments.

And, ironically, while more survey respondents said they were concerned about health care expenses in retirement than about day-to-day living expenses or



Many Americans haven't factored health care costs into their retirement plans.

recreation, fewer reported saving for medical costs than for less urgent needs. Specifically, 78 percent said they are saving for day-to-day expenses, but only 54 percent reported putting money away for health care.

Taken together, the numbers make a compelling case for Health Savings Accounts and similar vehicles that can be used covering current expenses, but that can also be set aside, tax-free for use in retirement.

"The number of people opening these accounts is growing, which is encouraging," Spiker said. "It's a start, but the survey makes it clear we've still got a long way to go."

According to Spiker, people need to look at the big picture, taking into account all of the components of health care costs in retirement, from "Medi-gap" insurance premiums, the possibility of reduced Medicare coverage and prescription drug co-pays.