

## 2008 RCS FACT SHEET

### COSTS OF HEALTH CARE IN RETIREMENT

*Confidence in being able to pay for retirement health care has declined for both workers and retirees, while retirees are facing higher health care costs than they anticipated. Retirees are less confident in Medicare as well.*

#### Confidence in Paying for Health-Related Expenses

- Worker confidence about having enough money to pay for medical expenses in retirement has decreased (Figure 1).
- Fifty-five percent of workers are *very* or *somewhat* confident that they will have enough money to take care of medical expenses during retirement, significantly fewer than in either 2006 or 2007 (Figure 1).
- Worker confidence about being able to pay for long-term care has also declined, down to 44 percent, the lowest it has been since 2001 (44 percent) (Figure 1).

Figure 1  
**Percentage of Workers Very or Somewhat Confident About Health-Related Expenses in Retirement, 1992–2008**

	1992	1993	1998	2003	2004	2005	2006	2007	2008
You will have enough money to take care of medical expenses during retirement									
Very confident	18%	21%	18%	18%	21%	20%	19%	20%	18%
Somewhat confident	36	33	44	40	40	38	42	46	37
You will have enough money to pay for long-term care during retirement									
Very confident	—	—	12	14	16	17	15	17	13
Somewhat confident	—	—	33	34	35	30	34	36	31

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1992–2008 Retirement Confidence Surveys.®

- Retirees are more confident than workers in having enough money to cover medical expenses. Seventy percent of retirees are *very* or *somewhat* confident that they will have enough money to take care of their medical expenses, a figure that has remained statistically stable in recent years (Figure 2).
- However, retirees are significantly less likely to be confident in their ability to pay for long-term care this year (48 percent) than in 2007 (60 percent) (Figure 2). This decline means that retirees are as likely as workers to be confident about paying for long-term care.

Figure 2  
**Percentage of Retirees Very or Somewhat Confident About Health-Related Expenses in Retirement, 1992–2008**

	1992	1993	1998	2003	2004	2005	2006	2007	2008
You will have enough money to take care of medical expenses during retirement									
Very confident	26%	30%	31%	37%	36%	34%	42%	41%	36%
Somewhat confident	32	32	42	31	36	39	32	36	34
You have enough money to pay for long-term care during retirement									
Very confident	—	—	19	21	30	23	22	27	24
Somewhat confident	—	—	28	31	23	30	33	33	24

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1992–2008 Retirement Confidence Surveys.®

- Among both workers and retirees, those with better health are more confident about being able to pay for health-related expenses in retirement (Figure 3).

Figure 3  
**Percentage Very or Somewhat Confident About Health-Related Expenses in Retirement, by Health Status**

	Worker Health Status			Retiree Health Status		
	Excellent/ Very Good	Good	Fair/ Poor	Excellent/ Very Good	Good	Fair/ Poor
Confidence in having enough money to take care of medical expenses in retirement	63%	49%	34%	89%	77%	52%
Confidence in having enough money to pay for long-term care	53	35	23	69	52	27

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.®

### Health Care Costs

- Retirees have health care issues top-of-mind. When asked to name the most pressing financial issue facing most Americans today, 25 percent of retirees mentioned health insurance and medical expenses, compared to just 16 percent of workers. Concern about health care ranks higher, for both workers and retirees, than concerns about mortgage and housing payments or oil and energy costs (Figure 4).

Figure 4  
**Top Mentions of Most Pressing Issues Financial Issue Facing Most Americans Today**

	All Workers	All Retirees
Making ends meet; inflation; cost of living; economy	17%	19%
Paying for health insurance; medical expenses	16	25
Making mortgage payments; housing	16	10
Paying down debt or loans	13	5
Fuel or energy costs; oil or gas	9	9
Job uncertainty	6	8

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.®

### *Health Care Costs in Retirement:*

- Most retirees are finding that health care costs at least as much, if not more, than they expected. Forty-four percent of retirees have spent more on health care than they expected and another 42 percent have spent about what they expected (Figure 5).
- About half of retirees in good, fair, or poor health have spent more on health care in retirement than they expected to, significantly more than those retirees in excellent or very good health (Figure 5).

Figure 5  
**Retiree Spending on Health Care as Compared to Expected Spending on Health Care**

	Retiree Health Status			
	All Retirees	Excellent/ Very Good	Good	Fair/Poor
More	44%	31%	51%	52%
About the same	42	53	42	34
Less	12	14	7	14

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.®

***Future Benefits Equal to Today's?***

- In addition, retirees are less confident in the Medicare system than they have been in recent years. Forty-five percent of retirees say they are *not too* or *not at all* confident in the future value of Medicare benefits, the highest level of doubt displayed since 1999 (48 percent) (Figure 6).

**Figure 6  
Retiree Confidence That the Medicare System Will Continue to Provide Benefits  
of at Least Equal Value to the Benefits Received by Retirees Today, 1992–2008**

	1992	1993	1998	2003	2004	2005	2006	2007	2008
Very confident	10%	12%	12%	19%	16%	20%	12%	15%	8%
Somewhat confident	28	32	35	44	37	42	50	44	44
Not too confident	39	32	39	26	31	24	26	22	32
Not at all confident	17	14	11	8	11	9	10	13	13

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1992–2008 Retirement Confidence Surveys.®