

2009 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.

Confidence in Paying for Health-Related Expenses

- Worker confidence about having enough money to pay for medical expenses in retirement has decreased (Figure 1). Thirteen percent of workers are *very* confident that they will have enough money to take care of medical expenses during retirement, significantly fewer than in 2008 and the lowest ever measured.
- Worker confidence about being able to pay for long-term care has also declined, down to 10 percent *very* confident and 42 percent not *very* and *somewhat* confident – both all-time lows.

Figure 1
Percentage of Workers Very or Somewhat Confident About Health-Related Expenses in Retirement, 1992–2009

	1992	1994	1999	2004	2005	2006	2007	2008	2009
You will have enough money to take care of medical expenses during retirement									
Very confident	18%	17%	16%	21%	20%	19%	20%	18%	13%
Somewhat confident	36	36	41	40	38	42	46	37	42
You will have enough money to pay for long-term care during retirement									
Very confident	—	—	—	16	17	15	17	13	10
Somewhat confident	—	—	—	35	30	34	36	31	32

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1992–2009 Retirement Confidence Surveys.

- Retirees are more confident than workers in having enough money to cover medical expenses (Figure 2). Retirees are significantly less likely to be *very* confident in their ability to pay for medical expenses (25 percent) than last year (36 percent). This year’s figure is an all-time low.
- Retiree confidence in their ability to pay for long-term care (44 percent) is the lowest ever measured, down significantly from a high in 2007 (60 percent). This decline, beginning in 2008, means 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, 1992–2009

	1992	1994	1999	2004	2005	2006	2007	2008	2009
You will have enough money to take care of medical expenses during retirement									
Very confident	26%	30%	34%	36%	34%	42%	41%	36%	25%
Somewhat confident	32	31	34	36	39	32	36	34	46
You have enough money to pay for long-term care during retirement									
Very confident	—	—	—	30	23	22	27	24	15
Somewhat confident	—	—	—	23	30	33	33	24	29

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1992–2009 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			
	All Workers	Excellent/ Very Good	Good	Fair/ Poor	All Retirees	Excellent/ Very Good	Good	Fair/ Poor
Confidence in having enough money to take care of medical expenses in retirement	55%	62%	50%	33%	71%	78%	69%	59%
Confidence in having enough money to pay for long-term care	42	50	37	18	44	57	44	22

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

Health Care Costs

Health Care Costs in Retirement:

- Most retirees are finding that health care costs at least as much, if not more, than they expected (Figure 4). Forty percent of retirees have spent more on health care than they expected and another 48 percent have spent about what they expected.
- Sixty-one percent of retirees in fair or poor health have spent more on health care in retirement than they expected to, nearly double those retirees in excellent, very good, or good health.

**Figure 4
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	40%	32%	30%	61%
About the same	48	57	56	24
Less	8	10	10	5

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

Impact of Health Care Costs on Retirement Confidence:

- Among those who report that they have lost confidence in the past year about having enough money for a comfortable retirement, 46 percent of workers and 40 percent of retirees say that an increase in health care expenses contributed a great deal or some to their loss of confidence. Among those who report experiencing an increase in health care expenses, these percentages rise to 88 percent of workers and 82 percent of retirees.

Future Benefits Equal to Today's?

- Fifty-nine percent of retirees are *very* or *somewhat* confident in the future value of Medicare benefits, a figure that has remained statistically stable in recent years (Figure 5). However, just nine percent of retirees feel *very* confident about Medicare benefits.

**Figure 5
Retiree Confidence That the Medicare System Will Continue to Provide Benefits
of at Least Equal Value to the Benefits Received by Retirees Today, 1992–2009**

	1992	1994	1999	2004	2005	2006	2007	2008	2009
Very confident	10%	13%	12%	16%	20%	12%	15%	8%	9%
Somewhat confident	28	30	39	37	42	50	44	44	50
Not too confident	39	26	36	31	24	26	22	32	26
Not at all confident	17	21	12	11	9	10	13	13	13

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1992–2009 Retirement Confidence Surveys.