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Americans Underestimate the Impact of Health in Retirement Planning; Advisors Prioritize Protected Income When Addressing Peak 65 Challenges

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WASHINGTON – As our country reaches Peak 65 next year, many Americans dangerously underestimate the impact healthcare costs and health challenges, like cognitive decline, may have on their retirement plans, according to the [Alliance for Lifetime Income's \(ALI\)](#) latest report from the [2023 Protected Retirement Income and Planning \(PRIP\)](#) study.

Peak 65 is a historic demographic phenomenon that occurs in 2024, when more Americans will turn 65 than at any time in history.

The fourth chapter of the multi-part study, [Growing Health-related Concerns in Retirement](#), examines the connections between physical, cognitive and financial health as consumers prepare for and live in retirement.

This chapter also offers recommendations for financial professionals, consumers and caregivers to help ensure people have the financial resources and income needed to cover healthcare costs, long-term care needs and other health-related expenses in retirement. It also notes relevant third-party research on the confluence of aging and health, elder care, and finances.

"It is incredibly hard for people to wrap their heads around what could happen to their health 10, 20 or more years into retirement," said Jean Statler, CEO of the Alliance for Lifetime Income. "From cognitive decline to medical emergencies, we can all benefit from putting our financial decision-making on autopilot as much as possible. One of the best ways to do that is to ensure at least part of our retirement income is protected with an annuity to supplement Social Security. Knowing you'll always have those two monthly paychecks to cover basic expenses for life can give people tremendous peace of mind when planning for healthcare costs as we age."

According to the National Council on Aging, a 65-year-old today can expect to live [at least another 20 years](#). Unfortunately, nearly 95% of people 65 or older suffer from at least one chronic condition, like heart disease, diabetes, arthritis and Alzheimer's.

However, the 2023 PRIP study notes that while many Americans are more concerned about health and want to better understand the healthcare process as they age, they often underestimate the impacts these health challenges will have on their finances and retirement planning.

Other key findings from the *PRIP* study include the following:

- 53% of consumers ages 45 to 75 say health is on their mind more than money, but only 33% say health was more on their mind than money five years ago.
- 84% of consumers who currently work do not expect health reasons to be in their top three reasons for retiring, but 38% of retired Americans ages 45 to 75 say health reasons for self or a loved one was a top three reason why they retired.
- 31% of non-retired consumers who still work recognize a moderate or high risk of needing to retire early; however, 53% of consumers retired due to circumstances beyond their control, including health concerns for themselves or a loved one.
- 34% say a focus on healthy living is one of their top retirement “bucket list” items, but only 17% of financial professionals recognize this topic is on their clients’ bucket lists.
- 51% of financial professionals report that more clients are asking questions about healthcare, Medicare and long-term care.

Financial Advisors Look to Protected Income When Addressing Peak 65 Health Challenges

Recent papers by [ALI](#) and the [Federal Reserve](#) indicate the peak age of financial decision-making occurs at around age 53, and according to a [U.S. Senate Special Committee on Aging](#) report, there is a sharp decline in financial literacy among Americans starting around the age of 75.

Yet, many financial professionals do not engage their clients in conversations around cognitive decline, according to the *2023 PRIP* study. However, those who do discuss cognitive decline also look to protected income to support the unique challenges of Peak 65ers.

Other key findings from *Growing Health-related Concerns in Retirement* include:

- Only 8% of soon-to-be-retired or retired consumers who work with a financial professional say their financial professional regularly talks with them about the possibility of cognitive decline, while 25% of financial professionals say the same.
- 88% of financial professionals who discuss cognitive decline with clients recognize the importance of protected income.
- 54% of all financial professionals (and 62% of financial professionals who discuss cognitive decline with clients) believe their clients could spend more money if they add an annuity to their retirement plan.
- 97% of consumers say having guaranteed lifetime income in addition to Social Security in retirement is valuable, but only 43% between ages 45 to 75 have protected income through a pension or annuity.

“Financial professionals should discuss health, including cognitive decline, and the important role that protected income can play to help manage the various health-related risks Peak 65ers could face in retirement,” said Statler. “Start these conversations now to protect your clients and their families. Research shows that it’s not just the right thing to do for your clients and their families, but can also build trust and long-term relationships with them.”

Neurosurgeon, CNN chief medical correspondent and best-selling author [Dr. Sanjay Gupta](#) appeared recently on ALI's [Protected Income TV Your Money Map Show with Jean Chatzky](#), Education Fellow at the Alliance's [Retirement Income Institute](#), and Founder and CEO of [HerMoney.com](#) to discuss ways to protect brain health and keep sharp in aging.

"Most of our brain health is within our control and is largely tied to how we live our lives," said Gupta. "We can continue to grow new brain cells at any age. Movement, diet and rest can make a huge difference in reducing the likelihood of developing neurodegenerative diseases," said Gupta.

The *2023 PRIP* was conducted among 2,507 American consumers ages 45 to 75, of which 507 are an oversample of Peak 65 consumers, ages 61 to 65, for a total of 845 Peak 65 consumers. Additionally, the study includes 519 financial professionals who conduct retirement planning for individual clients.

For more information on the *2023 PRIP*, visit protectedincome.org.

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ABOUT THE SURVEY

The *2023 Protected Retirement Income and Planning* study was created by the Alliance for Lifetime Income and CANNEX. It was conducted online by Artemis Strategy Group in February and March 2023 among 2,507 American Consumers, of which 507 are an oversample of Peak 65 consumers, ages 61 to 65, for a total of 845 Peak 65 consumers. The study also includes 519 financial professionals who conduct retirement planning for individual clients.

ABOUT THE ALLIANCE FOR LIFETIME INCOME

The Alliance for Lifetime Income is a non-profit 501(c)(6) educational organization based in Washington, D.C., that creates awareness and educates Americans about the value and importance of having protected lifetime income in retirement. Our vision is for a country where no American has to face the prospect of running out of money in retirement. The Alliance provides consumers and financial professionals with educational resources, interactive tools, and actionable research and insights to use in building retirement income strategies and plans. We believe annuities – one of only three sources of protected lifetime income – can be an important part of the solution for retirement security in America.

ABOUT CANNEX

CANNEX Financial Exchanges Ltd. supports the exchange of pricing and data for annuities and bank products, including term deposits and guaranteed interest contracts (GICs). The firm's data gives financial institutions the ability to evaluate and compare various guarantees associated with savings and retirement products. For more information about CANNEX, visit www.cannex.com.