

Health, Wealth & Happiness In Retirement

The impact of health on retiree
lifestyles and satisfaction with life.

March 2015



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Background and Methodology



- This report presents the results of research conducted by Greenwald & Associates on behalf of MassMutual, examining the impact of health on retirees' lifestyles and satisfaction with retirement.
- The research surveyed 905 retirees who were one to 15 years into retirement and 912 pre-retirees who were one to 15 years before retirement.
- Respondents were required to be at least 40 years old, to have at least \$50,000 in savings and investments, and to at least share a role in the household's financial decision-making.
- The 15-minute survey was conducted online using ResearchNow's online consumer research panel. Fielding took place in September 2014.
- A similarly sized random sample of 905 respondents would have a margin of error at the 95 percent confidence level of plus or minus 2 percentage points.

Health and Wealth Contribute to Retirement Satisfaction

- Health predicts satisfaction with retirement: it is critical to a good retirement
- Healthcare expenses are higher than what retirees had expected.
- Pre-retirees are worried about encountering health problems in retirement.
 - Retirees share pre-retirees' sentiment, and they are acutely aware of the increasing cost of healthcare.
 - Retirees are concerned about their ability to manage healthcare expenses in the case of chronic and debilitating illness, including the cost of long-term care.
- Health and wealth predict retirees' ability to engage in enjoyable activities in retirement, including traveling/vacations, hobbies, and dining out.
- Retirees are concerned about the potential for health declines in the future and they indicate wanting to avoid placing any burden on their family, particularly their children.

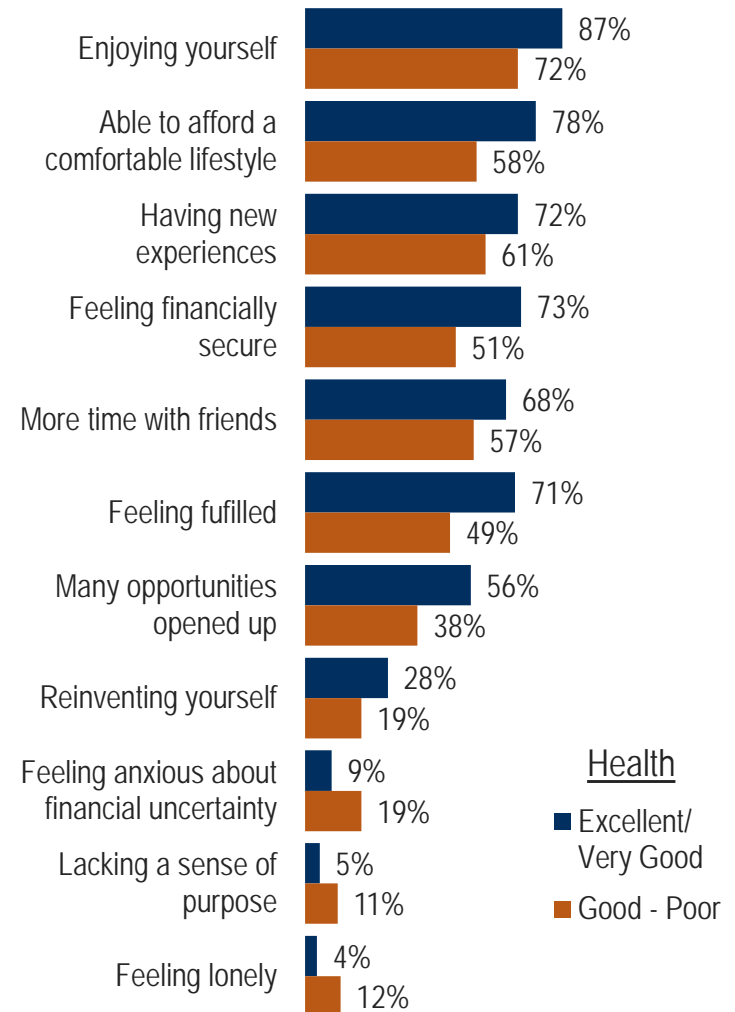
Health and Emotional Well-Being

Importance of Health

- Having higher assets and income in retirement is unsurprisingly linked to feelings of financial security and being able to afford a comfortable lifestyle, but it doesn't necessarily make retirees happier or more fulfilled.
- Health actually appears to be the more important driver of well being in retirement. Those in better health are more likely to enjoy retirement and feel fulfilled, have new experiences and opportunities in retirement, and are less likely to experience several negative retirement outcomes.

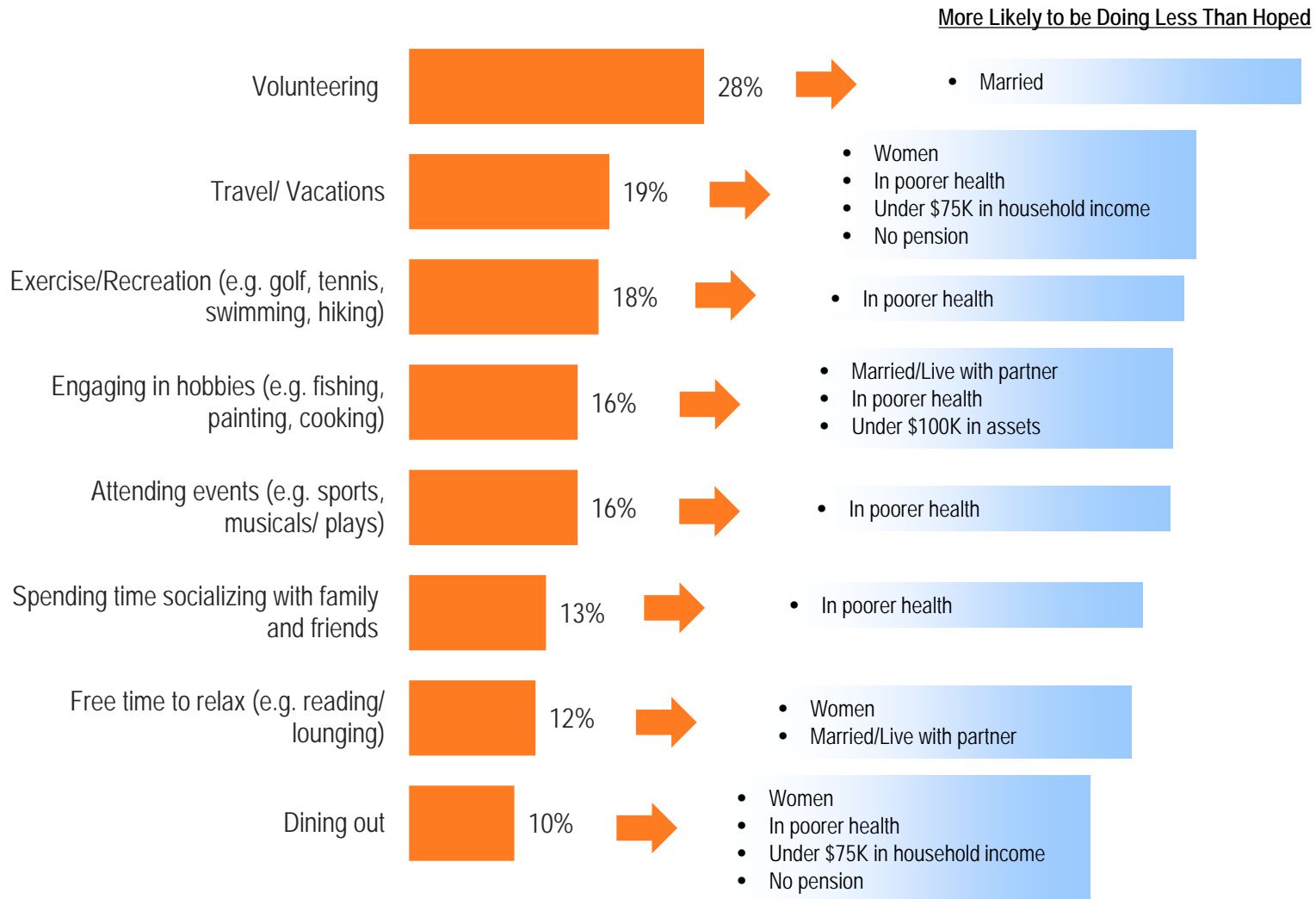
Retiree Experiences by Health Subgroups

(% 4-5 on a 5-pt. Scale)



Impact of Health on Retirement Lifestyle

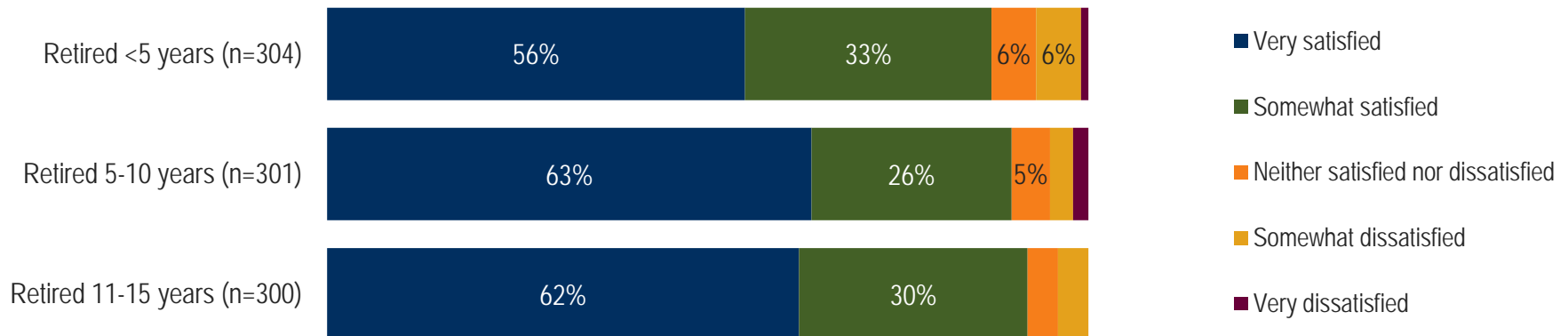
*Retirees: To what extent have you been able to engage in each of these activities in retirement?
Percentage Responding "Less than you had hoped you would"*



Health and Retirement Satisfaction

- Although retirees in general tend to be very satisfied with retirement, those who retired five or more years ago indicate higher levels of satisfaction than those who retired within the last five years.

Retirees: How satisfied are you with retirement?



SUBGROUP ANALYSIS

Retirees More Likely to be Very Satisfied

- Retirees in their 70s (66% vs. 57%)
- Married/Living with a partner (63% vs. 53%)
- In better health (68% vs. 44%)
- At least \$500K in assets (65% vs. 57%)
- Has pension (64% vs. 53%)

Key Conclusions on Health

Health & Wealth

- Health is a major driver:
- 87% of retirees in better health felt secure at retirement vs. 69% of those in poorer health.
- The loss of health is more costly to retirees' overall experience than the loss of wealth.
- 76 percent of retirees with \$250,000 or more in assets report having a positive retirement experience, compared to 68 percent of those with less than half the assets.
- However, 80 percent of retirees in better health report having a positive experience in retirement, compared to only 59 percent of those who are in poorer health.

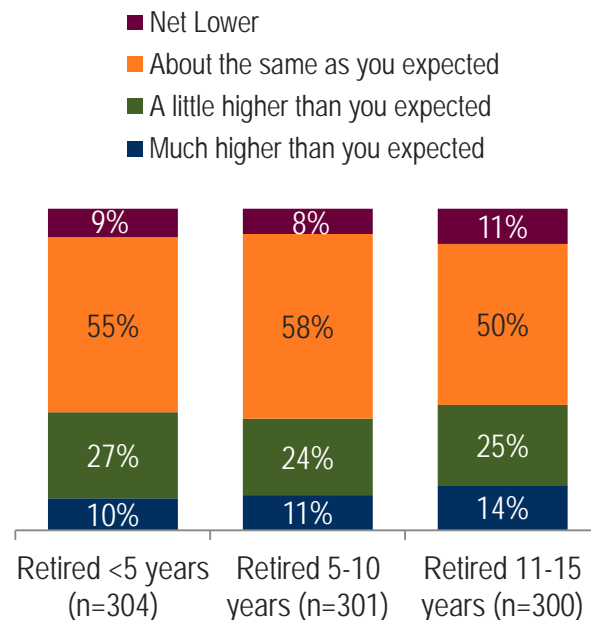
Medical Expenses in Retirement

- About half of retirees spent less than \$5,000 on medical and dental care in the past year but nearly as many spent \$5,000 or more.
- Medical and dental expenses were comparable across recent and long time retirees.
- Between 50 percent and 58 percent of retirees indicated that their medical and dental care expenses were about what they expected, though nearly four in ten indicate that their expenses were higher than expected.

Retirees: Approximately how much did you spend in the last year on medical and dental care (including the cost of Medicare and other health insurance you may get)?

	Retired <5 years (n=304)	Retired 5-10 years (n=301)	Retired 11-15 years (n=300)
Medical Expenses			
Under \$5,000	50%	55%	51%
\$5,000 to less than \$10,000	32	26	30
\$10,000 or more	13	15	14
Not sure	5	5	6

Retirees: Are your medical and dental expenses in retirement...?



Profile of Respondents: Personal & Household Characteristics

Pre-Retirees
(n=912) Retirees
(n=905)

Number of Children

None	29%	20%
One	15%	14%
Two	33	35
Three	14	18
Four or more	9	14

Home ownership

Own	93%	95%
Rent	6	4
Live with children or other family	*	1
Have another arrangement	1	1

Self-Reported Health

Excellent	25%	18%
Very good	54	51
Good	18	27
Fair	3	4
Poor	*	1

Pre-Retirees
(n=912) Retiree
(n=905)

Expected Age at Death

Under 80	10%	9%
80 to 84	17	17
85 to 89	32	28
90 to 94	25	28
95 to 99	10	11
100 or older	6	7

Pre-Retirees
(n=669) Retiree
(n=672)

Spouse's Self-Reported Health

Excellent	20%	16%
Very good	51	45
Good	23	28
Fair	5	8
Poor	1	2



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