



LIMRA Retirement Income Institute

The Growing Influence of Health Risks on Retirement Security



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Introduction

Discussions centered on financial and retirement security have traditionally focused on market and macroeconomic risks, including asset-price volatility, inflation, taxes, and recessions. While these factors are undeniably important, they represent only part of the risk landscape that individuals and their families face today. Population-level health data show that major health events and chronic conditions are common, persistent — and costly. A majority of older adults live with at least one chronic illness, while cancer and cardiovascular diseases remain widespread, and virtually everyone experiences at least some degree of cognitive decline later in life. Unlike market shocks that produce one-time disruptions, health events often persist over many years, creating ongoing and often escalating financial risks over time.

Against this backdrop, it is not surprising that consumers view health-related events and costs as central threats to their long-term financial and retirement security. Across multiple consumer surveys, adults consistently express concerns about the risks that health events and long-term care needs pose to their financial wellbeing, frequently ranking them ahead of worries about a bear market, economic downturn, or inflation.

Taken together, the evidence suggests overwhelmingly that health-related risks should not be a secondary consideration

in financial and retirement planning, but a central organizing factor shaping preparations, priorities, and strategies to provide sufficient protected income in retirement.

The sections that follow examine population-level data on the prevalence and timing of major health risks and then review consumer survey findings on how these risks are perceived and ranked. The paper concludes by discussing how protected income solutions can help manage and mitigate health-related financial risks, especially later in life.

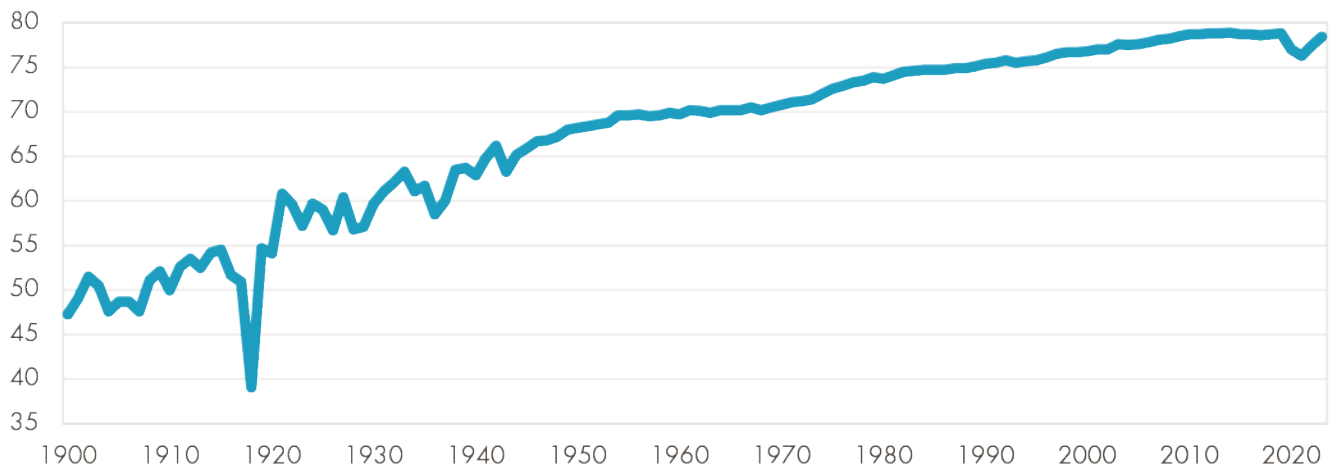
Life Expectancy

Perhaps the most significant health-related trend — and risk — influencing retirement security is the lengthening of human lifespans. In just a few generations, life expectancy has risen from below 50 years to roughly 80 years (see Figure 1 below). Most Americans are already living much longer than their parents and grandparents. Medical discoveries in the decades ahead will almost certainly continue to lengthen lifespans, which means that Gen Xers and Millennials, and likely members of every generation that follows, can plan to live many years past the traditional retirement age of 65. In fact, by 2034, there will be more people in the U.S. over the age of 65 than under 18 for the first time in our history.¹

Figure 1 – Life Expectancy Since 1900

Americans are living longer than previous generations, particularly once they reach retirement age. A 65-year-old has an average remaining life expectancy of nearly 19 years – 20 years, and a substantial share will live beyond age 90. Longer lives, while positive in many respects, increase exposure to health-related financial risks over time.

Average U.S. Life Expectancy (Years)



Source: Federal Reserve Board of St. Louis, "Life Expectancy at Birth, Total for the United States" and U.S. Department of Health & Human Services "Death rates and life expectancy at birth."

According to the Social Security Administration, 1 out of 3 individuals who are aged 65 today will live until at least age 90, while 1 out of 7 will live until at least age 95.² Living longer certainly has its advantages. But longer lifespans also present new financial challenges and risks. Many people will live for 10, 20, 30 or more years past the age of 65. Living longer means spending more on food, housing, healthcare, long-term care, transportation, and caregiving. This in turn raises the possibility, in some cases likelihood, of a significant number of older adults running out of savings. Concerns about outliving retirement savings are likely not only to persist for the foreseeable future but probably grow in significance as lifespans continue to lengthen.

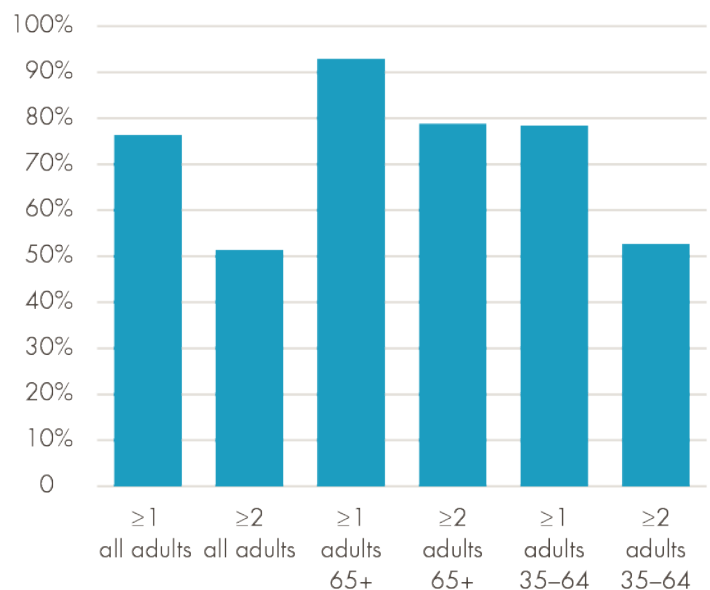
Health Events

While rising life expectancy has been a defining demographic trend of the past century, it raises a related and increasingly important question: How many of those additional years are lived in good health? Lifespan refers to the total number of years a person lives, while healthspan describes the number of years lived in good physical and cognitive health, free from significant disease or disability. Over the past century, gains in longevity have been driven largely by reductions in early-life mortality and improvements in the treatment of acute and chronic disease, resulting in substantial increases in lifespan but more modest gains in healthspan.

Figure 2 – Chronic Illnesses

Chronic conditions are widespread across the U.S. adult population, with about 76 percent of American adults living with at least one major chronic disease, and more than 50 percent having two or more such conditions. Obesity, hypertension, and diabetes are especially common, contributing to long-term disability and ongoing care needs.

Prevalence of Chronic Illness (% of US Population)

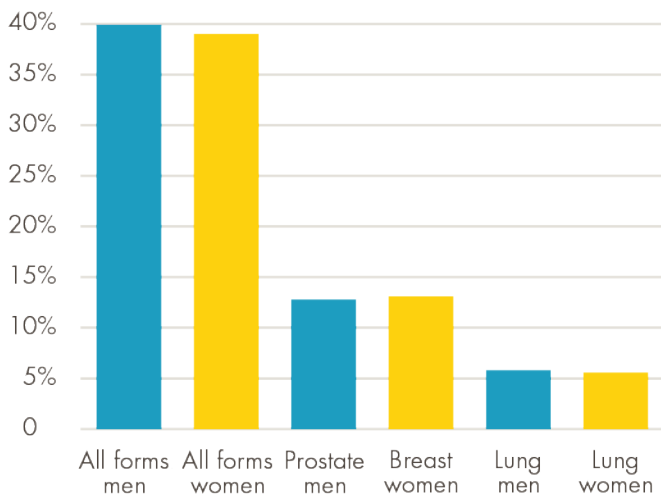


Source: Watson KB, Wiltz JL, Nhim K, Kaufmann RB, Thomas CW, Greenlund KJ. *Trends in Multiple Chronic Conditions Among US Adults, By Life Stage, Behavioral Risk Factor Surveillance System, 2013–2023*. *Prev Chronic Dis* 2025;22:240539.

Figure 3 — Cancer

Cancer remains a major health concern, with roughly 40 percent of adults expected to develop some form of cancer during their lifetime. Approximately 1.8 million new cases are diagnosed each year in the United States. The median age of cancer diagnosis is around 67 years, reflecting its strong association with aging.

Lifetime Probability (%) of Developing Cancer, By Type

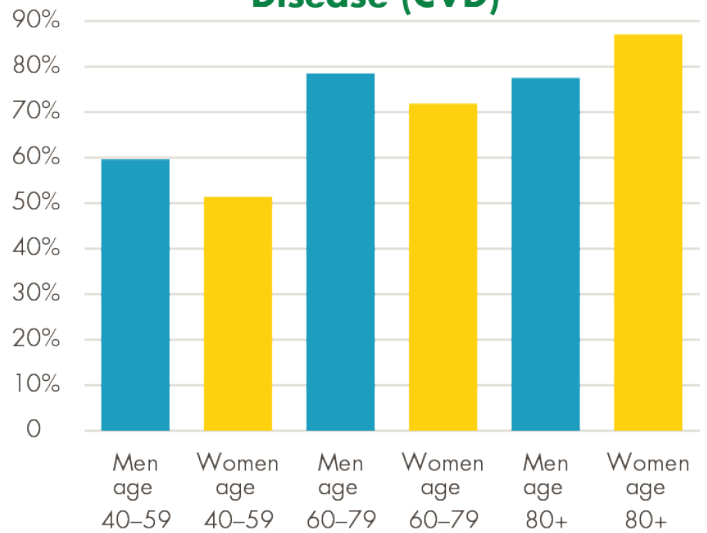


Source: American Cancer Society, Cancer Facts & Figures 2025.

Figure 4 — Cardiovascular Disease

Cardiovascular disease remains a common and consequential health risk. It is the leading cause of death in the U.S., and more than half of adults over 40 years of age have some form of it, including coronary heart disease, stroke, heart failure, or hypertension (high blood pressure). The risks of cardiovascular disease rise sharply with age, making it a central driver of both mortality and long-term care needs.

Prevalence of Cardiovascular Disease (CVD)



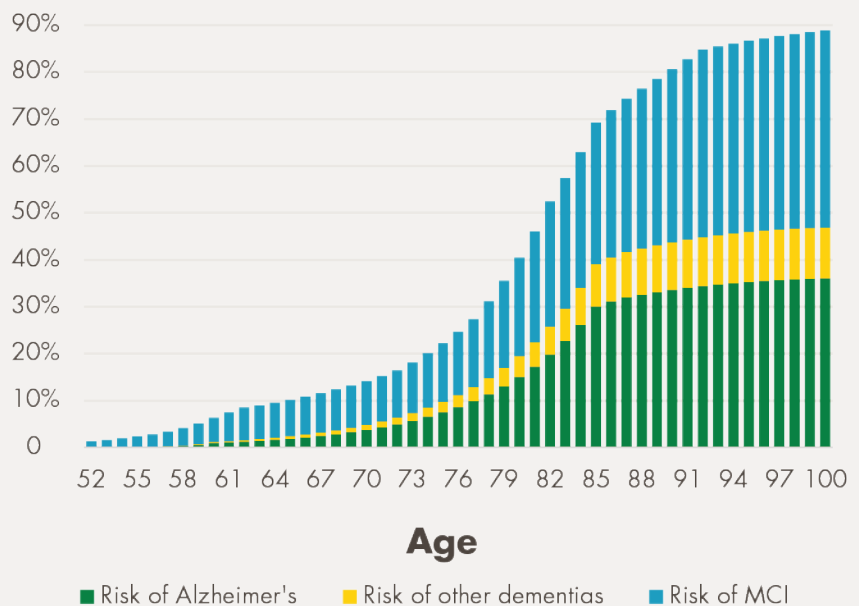
Source: American Heart Association, 2026 Heart Disease and Stroke Statistics.

Figure 5 — Dementia

The risk of cognitive decline rises with age, increasingly rapidly by the time a person reaches their mid-70s. A substantial share of adults in their 80s and 90s suffer from Alzheimer's disease, other dementias, or mild cognitive impairment (MCI). As longevity increases, so too does exposure to illnesses that can severely diminish the capacity to make sound financial decisions.

Source: Heye, C. "Examining the Prevalence of Diminished Capacity," *Journal of Financial Planning*, August 2022.

Risk of Dementia or Mild Cognitive Impairment (MCI)



Figures 2 through 5 highlight some of the health-related challenges confronting older adults today. The likelihood of suffering from one or more serious illnesses increases as a person ages, and, for some of them, including cognitive decline, there is currently no effective cure.

As a result, many individuals now spend prolonged periods of their retirement years managing chronic conditions, functional limitations, and/or cognitive decline. In fact, in the U.S., the gap between healthspan and lifespan has been estimated to be as large as 12 years, indicating that many Americans will spend more than a decade of their lives burdened by chronic disease or disability before they pass away.³

Healthcare Costs

The frequency of cancer, cardiovascular disease, dementia, and other chronic conditions is not only a public health concern. It is a central driver of retirement financial risk.

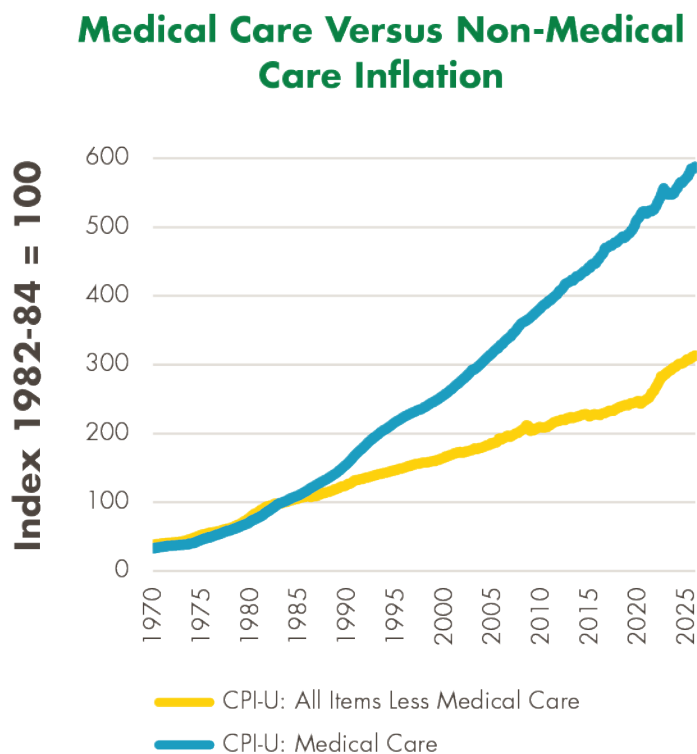
Rising healthcare costs represent one of the most significant and least predictable threats to the retirement security of all Americans. Unlike many other household budget items, healthcare expenses are both unavoidable and highly uncertain. They are closely tied to aging itself, meaning that the very longevity gains that have improved retirement prospects simultaneously increase exposure to often considerable medical and out-of-pocket costs. As a result, healthcare costs do not simply represent another budget line item; they introduce additional retirement planning volatility risk and the possibility of sustained asset depletion late in life. A recent study found that roughly two thirds of all bankruptcies in the U.S. are caused by an inability to pay medical debt.⁴ Even households that begin retirement with substantial nest eggs can experience significant financial strain stemming from expenses associated with managing one or more chronic illnesses.

These risks are particularly acute in the U.S., where healthcare financing relies heavily on a combination of Medicare, supplemental private insurance, and individual out-of-pocket spending, rather than on a fully centralized national system. Even after age 65, and even for those on Medicare,⁵ retirees remain exposed to large insurance premiums, along with high deductibles, frequent co-payments, and rising prescription drug costs that are either only partially covered by insurance or not at all.

Figures 6 and 7 highlight the dramatic increases in both the price of medical care and the amount of money that individuals and families are spending on their healthcare. Most families in

Figure 6 — Cost of Medical Care

Since 1970, medical care prices have grown at more than double the rate of overall consumer prices. The divergence has widened steadily over the years, resulting in the ever-increasing financial burden of healthcare. This persistent and widening gap exposes older adults to an erosion of purchasing power precisely when healthcare needs are most likely to rise.



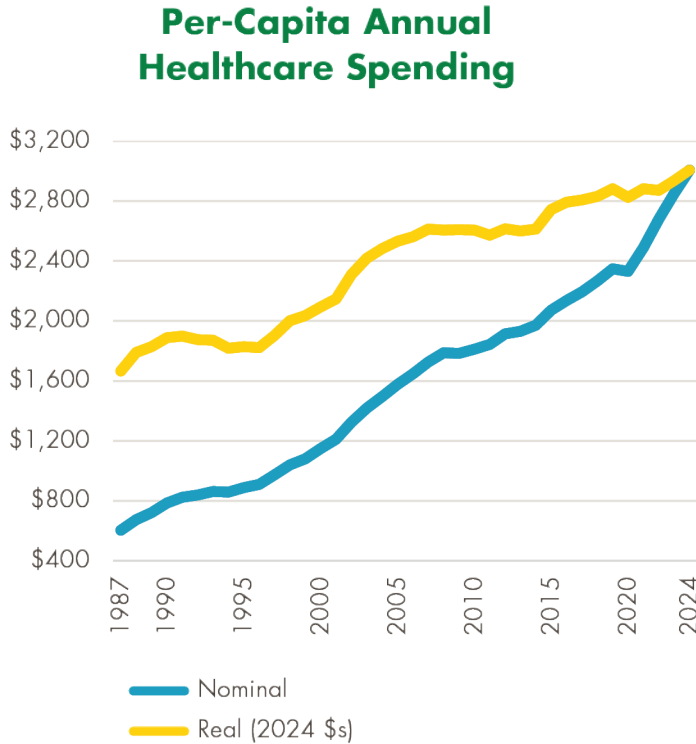
Source: U.S. Bureau of Labor Statistics via FRED®.

the U.S., especially older adults, are spending a growing share of their income on goods and services whose prices since 1970 have risen at almost double the rate of most other expenditures.

For example, many specialty drug treatments, particularly for cancer and autoimmune diseases can exceed \$25,000 per year. Some oncology drugs, biologics, and multiple sclerosis treatments are routinely priced in the \$50,000 – \$150,000+ range per patient per year before rebates and insurance adjustments.⁶ Sixty percent of cancer patients spend more than \$5,000 out of pocket to treat (a single) cancer, with 20 percent spending more than \$20,000.⁷ Gene and rare disease therapies can cost even more. According to the Institute for Clinical and Economic Review (ICER), gene therapies often launch at multimillion-dollar price points.⁸ These therapies are often administered once but are so expensive that payers (and patients) must negotiate financing structures to spread the cost over many years. And none of these estimates include travel costs, lost wages, or in-home care expenses.

Figure 7 — Healthcare Spending

The financial burden of healthcare borne directly by households has risen markedly, even after adjusting for inflation. Real per-capita spending on insurance premiums and out-of-pocket costs has nearly doubled since 1987. Because healthcare spending increases sharply with age, these averages across the full population understate the exposure faced by older adults.



Source: Centers for Medicare & Medicaid Services, National Health Expenditure Accounts; U.S. Bureau of Labor Statistics (CPI-U); author calculations.

These healthcare costs can add up over time, placing a huge burden on family finances. According to Fidelity’s 2025 retiree health cost estimate, a 65-year-old retiring in 2025 can expect to spend about \$172,500 on healthcare and medical expenses over the course of retirement, including Medicare premiums and out-of-pocket costs.⁹ Similar research by Milliman estimated the cost of healthcare to be even higher, projecting retirement costs of healthcare at \$275,000 for men and \$313,000 for women.¹⁰

Long-Term Care

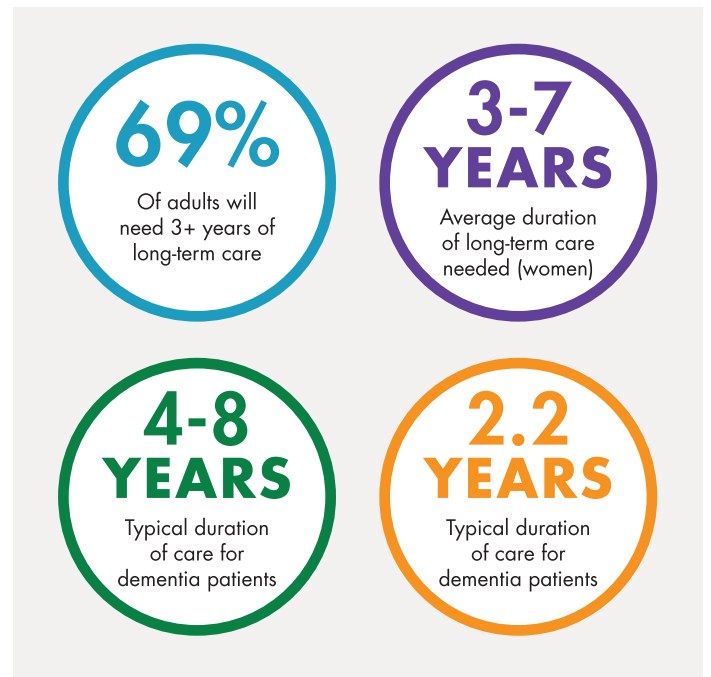
These healthcare cost figures reflect medical spending alone and do not include the costs of long-term care, which are typically assumed directly by households. Long-term care involves services designed to meet a person’s health and personal care needs when they can no longer perform the activities of daily

living (ADLs) by themselves. For many individuals, the need for long-term care can arise suddenly after a major health event, e.g., heart attack, stroke, or cancer diagnosis. For others, long-term care requirements arise gradually over time as a serious, ongoing chronic illness like coronary heart disease or diabetes worsens. Some illnesses, like Alzheimer’s and other forms of dementia, require around the clock, 24-by-7 care.

Long-term care expenses, including home health services, assisted living and memory care, and nursing home care, are generally not covered by Medicare and are only partially covered, if at all, by private health insurance.¹¹ While Medicaid finances a large share of long-term care nationally, eligibility typically requires individuals to exhaust most of their own financial assets first.¹² Consequently, most older adults and their families face the prospect of financing prolonged care needs directly, often at extraordinary costs. For retirees, this creates a distinct and potentially catastrophic financial risk that extends well beyond traditional medical spending.

Figure 8 — Long-Term Care Frequency

Long-term care needs are both common and prolonged. Approximately 7 in 10 adults will require some form of long-term care services, and when care is needed, it typically extends over multiple years. Duration risk is especially pronounced for women, who tend to live longer, and for individuals experiencing cognitive decline.



Source: U.S. Department of Health & Human Services, LongTermCare.gov.



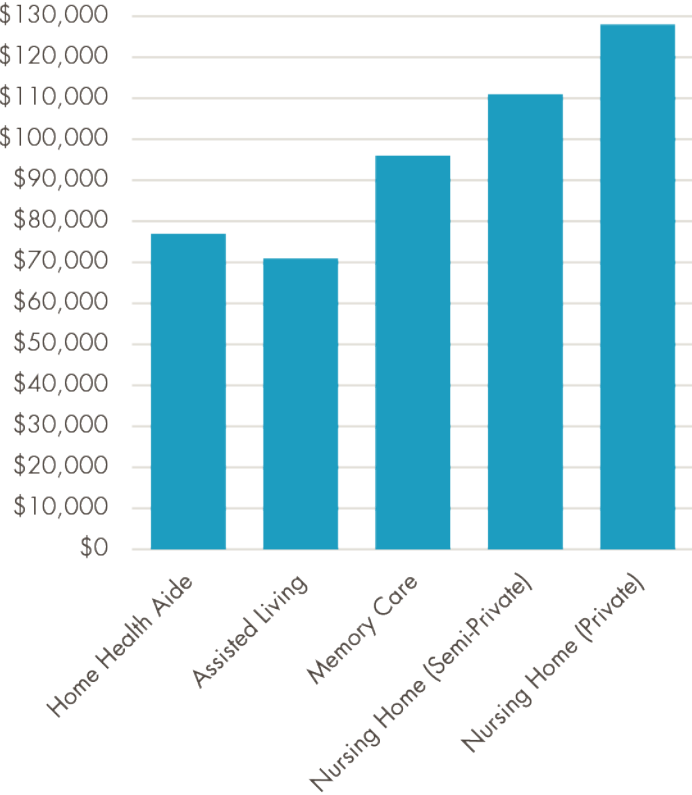
Figure 9 — Long-Term Care Costs

Long-term care costs can represent one of the largest financial exposures in retirement. Expenses for home health services, assisted living, memory care, and nursing home care can easily cost up to \$100,000 or more per year. Because Medicare generally does not cover extended custodial care and private health insurance provides limited protection, most of these costs are borne directly by individuals and families.

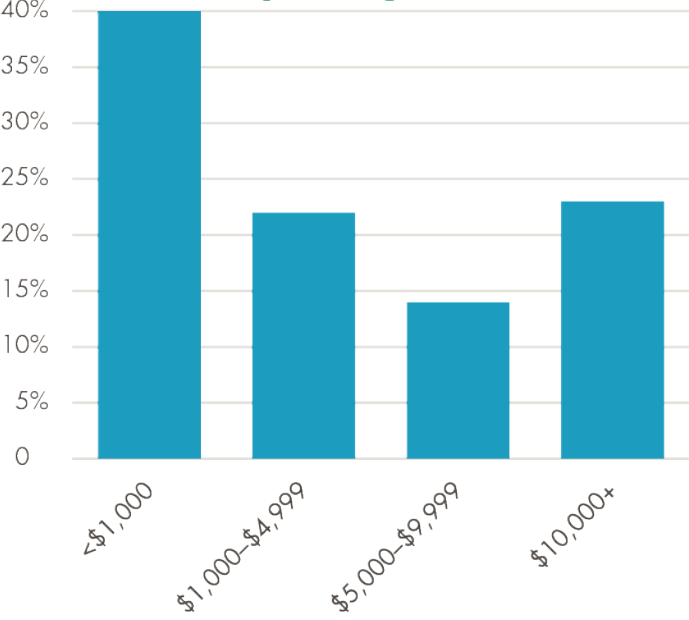
Figure 10 — The Costs of Caregiving

Out-of-pocket spending for caregivers is both common and financially impactful. Nearly 4 in 10 spend \$5,000 or more per year, and almost one quarter report spending over \$10,000 annually. These expenditures, which are typically not reimbursed by insurance, add a substantial and often underappreciated financial burden to millions of households.

Annual Cost of Long-Term Care (National Median)



Annual Out-of-Pocket Spending by Caregivers



Source: AARP/National Alliance for Caregiving, Caregiving in the U.S. survey of unpaid caregivers; self-reported annual out-of-pocket caregiving expenditures.

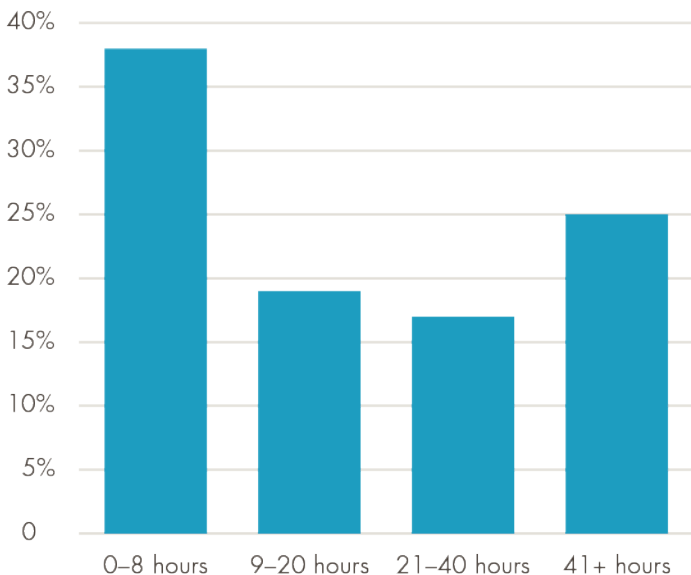
The ultimate costs of long-term care will depend on the length and severity of the illness, as well as how the care is delivered (see Figures 8 and 9). Most people want to live in their current home as long as possible, but the costs of care at home can be as or more expensive than what a person would pay at a senior

Source: Genworth Cost of Care Survey (2024), SeniorLiving.org.

Figure 11 — Weekly Hours of Care Provided by Caregivers to Adults Age 50+

Caregiving demands are frequently substantial and sustained over time. A significant share of caregivers devote 20 hours or more each week to providing support, often alongside employment and other family responsibilities. This commitment can disrupt careers, reduce earnings, and contribute to elevated levels of stress and emotional strain.

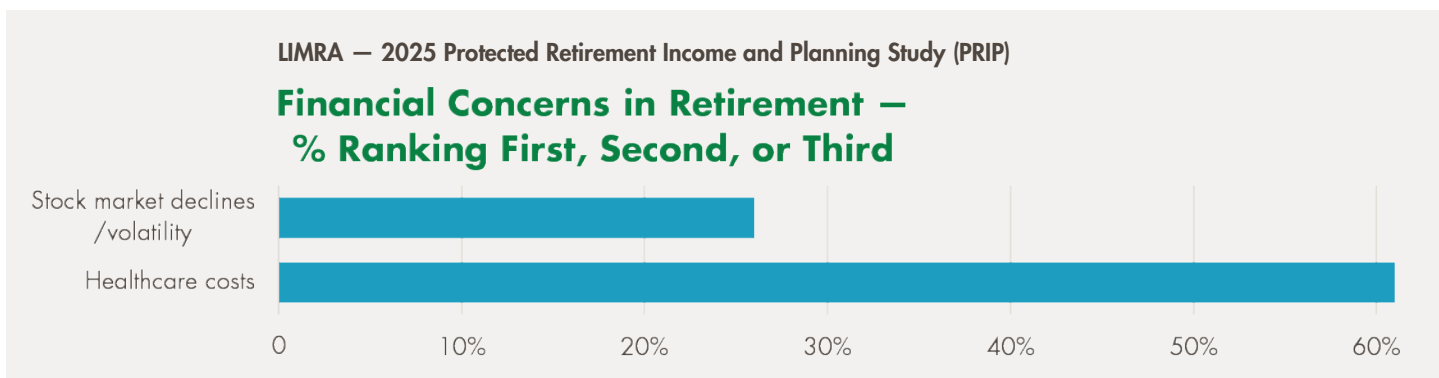
Weekly Hours of Care Provided by Family Caregivers



Source: AARP and National Alliance for Caregiving, Caregiving in the U.S. (2020), nationally representative survey of unpaid caregivers.

living facility, especially for individuals requiring 24-by-7 care. And aging in place can incur additional expenses if home renovations are required for the person to live safely. In short, there are no cheap or easy options for adults in the U.S. when it comes to affording long-term care later in life.

Figure 12 — Consumer Survey Results



Caregiving

Beyond direct medical and long-term care expenses, many households face an additional and often overlooked burden: caregiving. Approximately 73 percent of U.S. employees report having some form of caregiving responsibility, and nearly one third have left jobs at some point because of those demands.¹³ The average family caregiver provides around 24 hours of care per week, with 1 in 4 providing more than 40 hours weekly — effectively the equivalent of a full-time job (see Figures 10 and 11).

Caregiving responsibilities frequently arise during peak earning years, disrupting career trajectories and weakening long-term financial stability. Lost wages, reduced retirement contributions, and diminished Social Security benefits can have lasting consequences that extend well beyond the caregiving period itself. At the same time, caregiving is frequently accompanied by significant emotional strain. Caregivers often report elevated levels of stress, anxiety, burnout, and depression, especially when caring for a family member suffering from dementia.

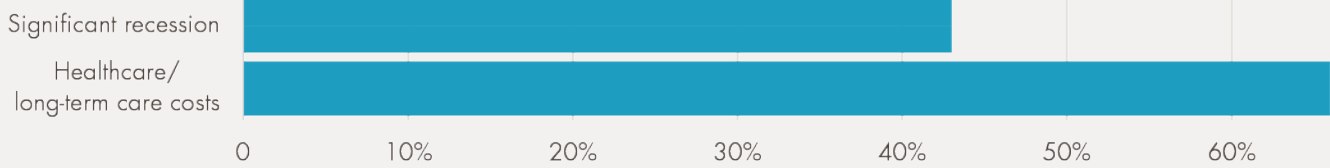
Consumer Survey Results

Turning now to consumer perceptions of health-related financial risks, it is clear that Americans are extremely concerned about the threats to their retirement security posed by high healthcare, long-term care, and caregiving costs (see Figure 12 [DM2.1]). Across multiple independent surveys, large healthcare and long-term care expenses consistently rank among the most significant financial concerns facing both pre-retirees and retirees, frequently exceeding worries about recessions, inflation, or market volatility. This concern is especially worrisome for those of the Gen-X generation.¹⁴

Despite some differences in the survey methodologies and question framing, health-related costs remain at or near the top across measures of “greatest concern,” “top-ranked worries,” and “very concerned” responses. And when respondents are required to select a single primary concern, healthcare and/or long-term care costs frequently outrank inflation and other traditional economic risks.

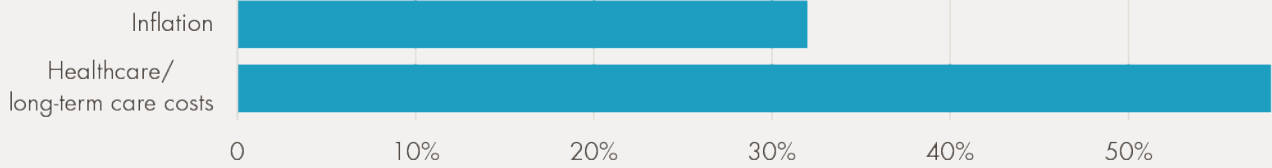
Edward Jones — The Four Pillars of the New Retirement (2021)

Greatest Financial Worries in Retirement — Pre-retirees



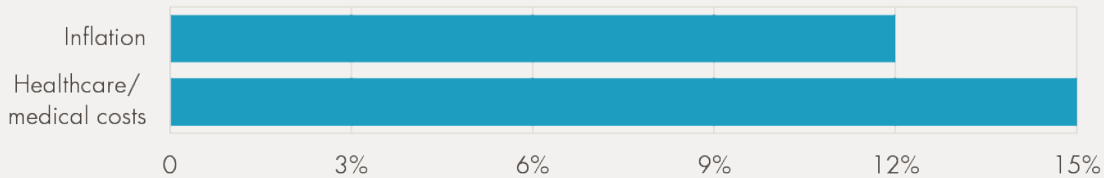
Retirement Living — 2025 Retirement Survey

Greatest Financial Worries in Retirement — Retirees



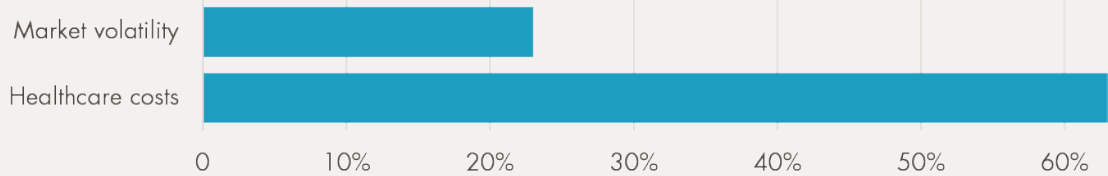
Retirement Living — 2025 Retirement Survey

When it comes to retirement, what are your biggest financial worries?



eHealth & Retirable — Retirement Planning & Health Care Costs (2024 – 2025)

What are your top two financial worries for retirement?



The consistency of these responses persists across organizations performing the surveys, the investor/consumer populations that have been surveyed, and the time periods during which the research was conducted, suggesting that worries about health-related financial risks are always top of mind and constitute an enduring source of anxiety and stress.

Taken together, the evidence indicates that consumers perceive health-related financial risks as central to their financial and retirement security. The convergence between objective health data and consumer sentiment indicates that concerns about health-related financial risks are grounded in everyday lived experience and demographic realities, and not a function of short-term market or political events.

Implications for Retirement Income Planning

The evidence presented in this paper points to a clear and consistent conclusion: Identifying and managing health-related financial risks is not peripheral to retirement planning. It is central. Population-level health data show that chronic illness, cardiovascular disease, cancer, and cognitive decline are common and strongly correlated with age. Across multiple independent surveys, healthcare and long-term care costs rank at or near the top of financial concerns for both pre-retirees and retirees. In most cases, health-related expenses exceed concerns about recessions, inflation, or market instability.

Importantly, health-related financial risks differ structurally from traditionally analyzed retirement risks. Market volatility, inflation, and economic downturns are cyclical. While they can fluctuate sharply and suddenly, over time, markets and the economy always recover. By contrast, health-related risks can last for years, if not decades. They typically worsen over time, and seldom fully recover. Moreover, while shocks to the macro-economy or equity markets can evoke strong emotional reactions, they rarely match the psychological impact on individuals and their families of a sudden, major health event such as a heart attack, cancer diagnosis, or onset of dementia.

Protected income approaches, particularly those designed to provide reliable lifetime payments, can play a meaningful role in mitigating health-related costs and uncertainties. Predictable income streams can help ensure that essential expenses, including healthcare, long-term care, and caregiving costs, are covered even during periods of market volatility or macroeconomic unpredictability. In addition, stable protected income may reduce behavioral stress and the decision-making burden during periods when households are already navigating medical or caregiving challenges, effectively granting a “license to spend.”¹⁵

For financial professionals, this analysis suggests that client conversations, as well as financial outcomes, would benefit from discussions that directly address health-related retirement risks and fears.¹⁶ Rather than treating healthcare costs as a secondary budget-line item, financial planners should consider modeling medical expenses and long-term care directly within their planning frameworks. For insurers and product providers, the findings underscore the importance of solutions that align with consumer concerns about healthcare affordability and longevity risk. Products designed to deliver protected lifetime income can serve an important role in helping households manage the financial implications of health-related risks in retirement, while achieving greater peace of mind.

¹ US Census.gov, <https://www.census.gov/library/stories/2018/03/graying-america.html#:~:text=Starting%20in%202030%2C%20when%20all,add%20a%20half%20million%20centenarians.>

² <https://www.ssa.gov/pubs/EN-05-10147.pdf>.

³ Garmany, A, Terzic, A, “Global Healthspan-Lifespan Gaps Among 183 World Health Organization Member States”, JAMA Netw Open. 2024 Dec 11;7(12):e2450241.

⁴ Himmelstein D, et al. “Medical Bankruptcy: Still Common Despite the Affordable Care Act,” American Journal of Public Health, March 2019.

⁵ Kaiser Family Foundation, “Medicare Beneficiaries Are Not Insulated from Affordability Challenges As Part B Premiums Rise in 2026”, <https://www.kff.org/quick-take/medicare-beneficiaries-are-not-insulated-from-affordability-challenges-as-part-b-premiums-rise-in-2026/>.

⁶ GoodRX, “The 20 Most Expensive Drugs in the US” <https://www.goodrx.com/blog/20-most-expensive-drugs-in-the-usa/>.

⁷ The Mesothelioma Center, “High Cost of Cancer Treatment”, <https://www.asbestos.com/featured-stories/high-cost-of-cancer-treatment/>.

⁸ Institute for Clinical and Economic Review (ICER), Launch Price and Access Report. 2025, https://icer.org/wp-content/uploads/2025/10/ICER_2025_Launch-Price-and-Access-Final-Report_For-Publication.pdf.

⁹ Fidelity Investments 2025 Retiree Health Care Cost Estimate.

¹⁰ 2025 Milliman Retiree Health Cost Index.

¹¹ <https://www.kff.org/medicaid/10-things-about-long-term-services-and-supports-ltss/>.

¹² <https://www.ncoa.org/article/what-is-medicaid-spend-down/>.

¹³ Fuller JB, Raman M, “The Caring Company”, Harvard Business School, 2019.

¹⁴ <https://www.limraconsumer.com/wp-content/uploads/2025/09/2025-PRIP-Study-Chapter-2-FINAL-091225.pdf>.

¹⁵ Blanchett, D and Finke, M, “Guaranteed Income: A License to Spend”, Retirement Income Institute, June 2024.

¹⁶ https://www.limraconsumer.com/wp-content/uploads/2025/09/IN-27-Heye_v2.pdf.

Authors



Chris Heye, Ph.D., is the CEO and founder of Whealthcare Solutions, Inc. and Whealthcare Planning LLC. Dr. Heye is a technology entrepreneur, writer, researcher, and speaker in fields residing at the intersection of physical, behavioral, and mental health and financial well-being. After confronting dementia in his own family and witnessing elder financial abuse in friends, he decided not enough was being done to protect older adults. He helped to design and manage a clinical study conducted at the Massachusetts General Hospital that investigated the behavioral and cognitive underpinnings of sound financial decision making. The results of the study serve as the foundation for the first-of-its-kind cloud-based application that enables adults and their families to more effectively identify, manage, and mitigate health- and longevity-related financial risks.

Dr. Heye is a regular columnist for the *Journal of Financial Planning* and is a Fellow at the LIMRA Retirement Income Institute. He received his B.A. from Wesleyan University and Ph.D. from the Massachusetts Institute of Technology (MIT), where he also completed a post-doctoral program at the MIT Industrial Performance Center.

Additional Information

To further explore the insights highlighted in this paper, visit the LIMRA Retirement Income Institute, which offers a robust collection of research reports on today's most pressing retirement income issues. All reports are available to the public at no charge and can be downloaded directly from the Institute's website: <https://www.limraconsumer.com/retirement-income-institute/>.

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