Healthcare Costs Cited by Majority of Americans as Top Obstacle to Retirement Security

Northwestern Mutual Study Also Reveals Growing Concerns about Social Security and Gaps in Retirement Readiness

MILWAUKEE, Oct. 17, 2017 /PRNewswire/ -- Americans view healthcare costs as the leading obstacle to financial security in retirement, according to new data from Northwestern Mutual's 2017 Planning & Progress Study. In fact, the number of Americans citing healthcare costs as their chief concern spiked dramatically from 45% in 2016 to 58% this year. Lack of savings (44%) and Social Security uncertainty (31%) followed healthcare costs to round out the top three.

"What we're seeing is a confluence of complicated dynamics," saidRebekah Barsch, vice president of planning, Northwestern Mutual. "Longer lifespans, government debate around the future of healthcare and Social Security, and continued economic uncertainty all add another layer of unpredictability to the already challenging task of retirement planning."

The research released today is part of Northwestern Mutual's 2017 Planning & Progress Study – an annual research project exploring Americans' attitudes and behaviors toward finances and planning.

Social Insecurity

Findings indicate that the continued existence of Social Security as a retirement safety net is increasingly weighing on Americans. For the first time this year, Social Security edged out lack of planning to become the third cited obstacle to financial security in retirement. Additionally:

Only 2 in 10 (20%) Americans believe it's "extremely likely" that Social Security will be available when they retire
Women are the least optimistic, with nearly 6 in 10 (59%) saying Social Security is "not at all likely" or "somewhat likely" to exist compared to 52% of men. This is noteworthy given that 4 in 10 women expect to rely on Social Security as their "only" or "primary" source of income in retirement

Dangerous disconnects?

Despite growing anxiety about retirement costs, the future availability of Social Security, and insufficient retirement savings, this year, fewer Americans said there is some chance of outliving their savings --- down to 62% from 69% in 2016.

However, further data contradict this optimistic outlook:

7 in 10 Americans experience some level of anxiety around outliving their retirement savings
Less than half (47%) of Americans feel very financially secure and nearly 2 in 10 expect to feel less secure over the next 12 months
Under one third (31%) believe they excel at contributing to retirement savings
4 in 10 (43%) believe there is more than a 25% chance of outliving their savings entirely

"While it's encouraging to see people expressing more confidence about their savings, it's important to remember that retirement planning is a marathon not a sprint," continued Barsch. "The key to winning is pacing yourself to be prepared for the many miles and twists and turns ahead."

About The 2017 Northwestern Mutual Planning & Progress Study
The 2017 Planning & Progress Study was conducted by Harris Poll on behalf of Northwestern Mutual and included 2,117 American adults aged 18 or older (2,117 interviews with U.S. adults age 18+ in the General Population and an oversample of 632 interviews with U.S. Millennials age 18-34) who participated in an online survey between February 14 and February 22, 2017. Results were weighted to Census targets for education, age/gender, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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