
You have a 10-year window to trek in the Andes

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Although average life expectancy at age of 65 in Great Britain is 17.6 years for men and 20.2 years for women, the *healthy* life expectancy is just 9.9 years for men and 11.5 years for women, according to research from British insurer Prudential plc (unrelated to U.S.-based Prudential Financial).

Despite facing a high risk of ill health during their late 70s and 80s, however, not many people are preparing for it. Prudential's recent 'Class of 2012' study into the finances and expectations of those planning to retire this year shows that only 20% have set money aside for unexpected health care expenses. Among those age 65 and over, only 16% have.

Prudential's research also found that only 45% of this year's retirees have planned for the fact that they may need more income in retirement as they get older.

"Although life expectancy is increasing, healthy life expectancy is flat-lining," said Vince Smith-Hughes, a retirement expert at Prudential. "With the average person now working until they are aged 63.4, people are enjoying fewer healthy years in retirement. Spending the first few years of retirement trekking in the Andes and running around after grandchildren may be a reality for some, but it is important not to forget that health will worsen as pensioners get older."

Across Great Britain, those planning to retire this year in Wales are the most likely to have prepared for the risk of ill-health in retirement (32%), while those in the East of England (7%) are the least prepared.

The British government is currently considering recommendations from the Dilnot Commission on the Funding of Care and Support which, in July 2011, proposed that an individual's contribution to long-term care—"social care" in the U.K.—should be capped at GBP35,000 (\$54,700), with any additional costs paid by the government.