



Jackson Study Reveals Vast Underestimation of Healthcare and Long-Term Care Costs in Retirement Planning

Latest research in Jackson's Security in Retirement Series exposes critical gaps in retirement healthcare planning amid rising costs of care and increased life expectancy

Nearly two-thirds of pre-retired investors surveyed are underestimating their expected healthcare expenses in retirement

Only 27% of investors surveyed believe they will require long-term care — yet 70% of individuals turning 65 are likely to need this type of care

LANSING, Mich., January 22, 2025 – [Jackson National Life Insurance Company](#)[®] (Jackson[®]), the main operating subsidiary of Jackson Financial Inc.¹ (NYSE: JXN), today released key findings on how retirees and financial professionals perceive healthcare risk and the associated impacts on retirement income planning, including costs of healthcare and long-term care. The study is the third installment of Jackson's *Security in Retirement Series*, conducted in partnership with the [Center for Retirement Research at Boston College](#), and follows the initial [longevity risk](#) and [inflation risk](#) studies released over the past 15 months. The multi-phased research initiative aims to provide useful, actionable, research-based insights on a variety of potential threats to financial security in retirement.

Jackson's research reveals a notable gap between individuals' perceptions of healthcare and long-term care costs and their overall financial preparedness, underscoring the need for better retirement planning. The findings reveal critical risks once retired, particularly in light of rising healthcare expenses, longer lifespans and the increasing prevalence of chronic conditions, all of which highlight a growing need for proactive planning to achieve a secure retirement.

Key findings from the research include:

- **Healthcare costs are grossly underestimated.** Nearly two-thirds of pre-retired investors surveyed are underestimating their prospective healthcare expenses in retirement, anticipating health care expenses at least \$1,220 below the \$8,600 annual estimate and possibly increasing their healthcare risk.² Additionally, only 27% of investors surveyed believe they will require long-term care at some point in their lives, however, 70% of

¹ Jackson Financial Inc. is a U.S. holding company and the direct parent of Jackson Holdings LLC (JHLLC). The wholly-owned direct and indirect subsidiaries of JHLLC include Jackson National Life Insurance Company, Brooke Life Insurance Company, PPM America, Inc. and Jackson National Asset Management, LLC.

² This is based on a subset of 114 pre-retired investors surveyed and excludes those who indicated they were unable to provide an estimate of annual household health care expenses.

individuals turning 65 each year are likely to need this type of care at some point in their lives.³ This is particularly notable, as Jackson's recent [longevity risk study](#) found the vast majority of investors inaccurately predict their life expectancy, increasing retirement income planning risk.

- **Rising costs and advancements in technology increase financial burden.** Advances in medical technology and treatments are expected to increase healthcare costs significantly over the next decade. The price of medical care including services, insurance, drugs and equipment has increased by over 120% since 2000,⁴ leaving many retirees at risk of draining their savings. These findings align with insights from Jackson's 2024 [inflation risk study](#), which examined how pre-retired households struggle to adapt to rising costs of essential expenses, including healthcare, in the face of inflation.
- **Investors are considering asset spend-down to qualify for Medicaid.** More than 60% of investors surveyed said they plan to or may consider spending down their assets to qualify for Medicaid as a long-term care funding solution but may be underprepared for the dramatic life changes that would come with spending down their assets.
- **Concerns over long-term care costs are amplified among financial professionals surveyed.** Two in five financial professionals are concerned that clients will be unable to afford acceptable care, with 56% citing this as a major risk for retirees.
- **Personal experience drives better preparedness.** Respondents who have seen family members require long-term care are nearly twice as likely to believe they will need similar care. This group is also more proactive in exploring costs, adjusting retirement timelines and planning for assisted living expenses.
- **Women face unique challenges.** Women leading household financial decisions express higher concern about healthcare risks but are less likely to anticipate requiring long-term care despite longer life expectancies. Many report lower income and asset levels, yet they are three times more likely than men to be caregivers for family members.

"Retirement should be a time for security and stability, however, our research shows many households may be unprepared for the realities of the healthcare challenges and expenses they will face," said Glen Franklin, Assistant Vice President of Research, RIA and Lead Generation Strategy for Jackson National Life Distributors LLC (JNLD), the marketing and distribution business of Jackson. "Our research is particularly timely given potential policy shifts resulting from the election outcome, as proposals addressing healthcare reform and federal funding for long-term care programs could significantly impact retirees' healthcare costs and savings strategies. This further underscores the importance of working with financial professionals to prepare for an evolving landscape and proactively address healthcare risks in investors' retirement plans."

"These new survey data should be a wakeup call for policymakers, financial professionals and older Americans

³ Christine Benz, Morningstar, "100 Must-Know Statistics about Long-Term Care: 2023 Edition," March 29, 2023.

⁴ Shameek Rakshit, et al., Peterson-KFF Health System Tracker, "How does medical inflation compare to inflation in the rest of the economy?" August 2, 2024.

themselves,” said Andrew Eschtruth, Director of the Center for Retirement Research at Boston College. “We are particularly concerned that too many people nearing or in retirement don’t have a good grasp of their potential healthcare needs and out-of-pocket costs, which could narrow their options when it comes time to pay the bills.”

The research, fielded between July 12-August 2, 2024, included online surveys of more than 400 financial professionals and 500 investors with at least \$100,000 in financial assets between the ages of 48 and 78 years. Respondents were required to participate in, or lead, household financial decision-making.

Jackson’s ongoing work with the Center for Retirement Research at Boston College aims to help retirement investors and financial professionals better navigate financial challenges and mitigate risks to retirement income planning. Part one of Jackson’s *Security in Retirement Series* focused on [longevity risk](#), or the risk of outliving income when faced with the possibility of living longer than expected, and part two of the Series focused on [inflation risk](#). Future studies will explore and analyze a selection of other critical risks impacting Americans’ security in retirement, such as market dynamics and policy risk related to government programs.

To access details and up-to-date findings relative to this research as well as other proprietary research materials developed by Jackson on topics that impact the saving and spending habits of Americans, visit www.jackson.com/researchcenter.

###

ABOUT JACKSON

Jackson® (NYSE: JXN) is committed to helping clarify the complexity of retirement planning—for financial professionals and their clients. Through our range of annuity products, financial know-how, history of award-winning service* and streamlined experiences, we strive to reduce the confusion that complicates retirement planning. We take a balanced, long-term approach to responsibly serving all our stakeholders, including customers, shareholders, distribution partners, employees, regulators and community partners. We believe by providing clarity for all today, we can help drive better outcomes for tomorrow. For more information, visit www.jackson.com.

**SQM (Service Quality Measurement Group) Call Center Awards Program for 2004 and 2006-2023. (Criteria used for Call Center World Class FCR Certification is 80% or higher of customers getting their contact resolved on the first call to the call center (FCR) for 3 consecutive months or more.)*

Jackson® is the marketing name for Jackson Financial Inc., Jackson National Life Insurance Company® (Home Office: Lansing, Michigan) and Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York).

Jackson, its distributors, and their respective representatives do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used and cannot be used for the purpose of avoiding U.S. federal, state, or local tax penalties. Tax laws are complicated and subject to change. Tax results may depend on each taxpayer’s individual set of facts and circumstances. You should rely on your own independent advisors as to any tax, accounting, or legal statements made herein.

This material should be considered educational in nature and does not take into account your particular investment objectives, financial situations, or needs, and is not intended as a recommendation, offer, or solicitation for the purchase or sale of any product, security, or investment strategy.

Annuities are issued by Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and in New York by Jackson

National Life Insurance Company of New York (Home Office: Purchase, New York). Variable annuities are distributed by Jackson National Life Distributors LLC, member FINRA. May not be available in all states, and state variations may apply. These products have limitations and restrictions. Discuss them with your financial professional or contact the Company for more information.

Jackson® is committed to ensuring more Americans in or nearing retirement can benefit from greater clarity and confidence in their financial futures. To better support this important goal, we have partnered with leading academic experts at the Center for Retirement Research at Boston College to launch the Jackson Security in Retirement Series. This multiphase research effort will take a comprehensive look at a range of potential threats to financial security with the goal of helping financial professionals and retirement savers more effectively identify and manage them. Jackson is not affiliated with the Center for Retirement Research at Boston College.

Firm and state variations may apply. Additionally, products may not be available in all states.

**Guarantees are subject to the claims-paying ability of the issuing insurance company.*

###

Media Contact:

Patrick Rich

Patrick.Rich@Jackson.com

PR3643 01/25