

MULTI-SPONSOR STUDY:

**Exploring New Health-Related Products  
&  
Solutions for Retirees**

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and  
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## INTRODUCTION

Americans approaching, and in, retirement have growing concerns about the challenges they will face in the years ahead in being able to afford quality medical care and long term care. In 2010, according to the Retirement Confidence Survey, only one-in-ten workers are very confident that they will have enough money to take care of medical or long-term care expenses; most, of course, are not confident about this. Indeed, while confidence in being able to afford a comfortable lifestyle once retired has leveled out with the recovery of the equity markets, confidence in being able to afford medical care and long term care after retirement continues to decline. Recent studies provide support for this sentiment. Boston College's Center for Retirement Research puts the present value of out of pocket healthcare expenses for a 65 year old couple at just under \$200,000. Add long term care expenses, and that cost increases by another \$60,000. In the meantime, the financial services industry is struggling to provide retirement guidance that can demonstrate how retirees can outlive their retirement savings - with no planning provisions assigned to covering the quarter of a million dollar hole for healthcare expenses.

In this environment, Greenwald & Associates and DSG believe that there is an opportunity to design new retirement healthcare-related products and services that meet the needs of the marketplace and can provide retirees with greater financial security and additional protection from unplanned medical expenses. We feel that even with the new healthcare legislation, there will be significant gaps in coverages that will be of concern to both pre-retirees and retirees. The right types of products could address these concerns, opening up new markets and providing an additional layer of financial security to significant numbers of older people..

To better understand these issues, we are offering health insurance companies and other financial services companies the opportunity to take part in a unique multi-sponsor research project that examines both concerns about health care as well as the means to address these concerns from a product and planning perspective. Specifically the information areas we intend to pursue include:

- Perceptions of threats that could jeopardize the consumer's financial future after retirement and where healthcare falls on the overall list of financial threats
- The specific areas of consumer concern within the healthcare category
- Knowledge of, and current means for, addressing the anticipated out-of-pocket healthcare costs during retirement
- Ownership and purchase intention levels of various existing healthcare products/solutions
- Methods insurance companies and investment companies can use to educate, plan and deliver healthcare products and solutions
- Identification of new product/solution concepts to address specific retirement healthcare needs and gaps

- Measurements of consumer, insurance broker and financial advisor receptivity to selected concepts

We believe that this research will provide valuable insights to approach this exciting and rapidly changing marketplace. The research plan involves three components. Each will be described in the following sections.

## PHASE 1

The first phase of this research will be six focus groups: two with financial advisors, two with healthcare brokers, and two with consumers ages 60-70 who have at least \$150K of investable assets. The healthcare brokers will each have: 1) at least ten clients age 60-70 that have purchased individual insurance plans, and 2) at least five years of experience selling health insurance. The financial advisors will have 1) at least \$25 million of assets under management, 2) at least three years of experience, 3) a client base that is at least 25% ages 60+ and 4) experience in delivering plans and solutions that address retirees' health care expenses. Several channels will be represented, including wirehouse financial advisors, RIAs, life insurance agents and financial advisors from regional broker dealers.

The main goals of this research are:

- to obtain a greater understanding of consumer concerns about financial threats at the older ages
- to identify key areas of consumer misperceptions about Medicare, Medicaid and Medigap policies
- to understand where health care and long term care fit in and which specific areas of health care and long term care are most troubling
- to explore consumer, broker and financial advisor interest in a range of planning processes to deal with the uncertain costs of health care and long term care
- to explore interest in selected investment approaches for dealing with these costs
- to explore interest in selected insurance approaches to dealing with these costs
- to attempt to identify new ideas for products and planning approaches
- to obtain a measure of broker interest in offering selected investment and insurance approaches to their clients and get their assessment of specific planning approaches.

The products that are exposed to consumers will include some that are intended for direct sales, in addition to some intended for distribution through in person advisors.

Greenwald & Associates and DSG have developed some ideas for products and planning processes. Sponsors will also have the opportunity to suggest products and planning concepts for testing.

## **PHASE 2**

The second phase of the project will be an online survey of 1,000 pre-retired and retired Americans between the ages of 60 and 70 with investable assets of at least \$150k. This quantitative study will build from the learnings from the focus groups and will measure the level of concern that retirees and pre-retirees have about health-related issues, how likely they think it is that they will face each of these issues, whether they think they will be able to afford first rate care on each and how receptive they would be to purchasing products or solutions designed to financially protect people against each specific risk. The survey will also measure interest in approximately five of the leading product concepts that the focus groups indicated the strongest interest in and that project sponsors are most interested in pursuing. Further the survey will measure likelihood of buying each of these products and the value of specific product features.

## **PHASE 3**

The survey will reveal the products that have strongest consumer interest. The third phase of the research will be to obtain broker and financial advisor reaction to these products through ten in-depth interviews, five with healthcare brokers and five with financial advisors. The brokers and financial advisors will be screened to meet the requirements shown for Phase 1. The in-depth interviews will cover 1) interest in selling each product concept, 2) assessment of client interest, 3) how the product might be improved, 4) assessments of the most effective target market for the product and 5) what type of sales and marketing support the broker/advisor would need to market the product.

## **DELIVERABLES AND COST**

Sponsors will be invited to contribute input into the questionnaire, the interview guides, and the planning processes and products to be tested. Sponsors will also have the option to attend and observe the focus groups.

Deliverables will include transcripts of the focus groups, a full report of the focus groups, an electronic file of all survey findings, two tabulation books and a full report of the survey.

The cost for participating in the study will be \$20,000.

**A Word About Mathew  
Greenwald Associates  
and DSG**

Mathew Greenwald & Associates and the Diversified Services Group, Inc. have both worked with numerous client firms in the financial services industry on meeting the needs of retirees. Believing that the combined expertise, breadth and depth of the two organizations, particularly with regard to addressing retirement market issues, will provide greater value to our clients, we are joining forces on this syndicated research project. The united effort brings significant resources to bear on this research initiative, and clients will benefit from both firms' participating in the project execution, the analysis of the findings, and the development of ideas and solutions for complex market issues.

For more information about this project and sponsorship, please contact either:

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