

# Did you know?

## The THREE Common Myths in Medical Costs

Will your medical reserves be enough to take you well into retirement?

### Myth 1:

People live to age 80 on average, so **I only need to fund for 15 years after retirement (age 65)**

### Myth 2:

I'm healthy now, so medical cost in retirement is not a worry, even though some say it is **over 90% of lifetime medical costs!**

### Myth 3:

I bet the **government** will always **step in** anyway, as HK population is aging.

### Your Retirement ...



Today

**Fact:** Life spans in HK are projected to increase. A **30-year-old** male today is expected to live to age 80. If he lives to age 60, he is projected to live up to age 85.

#### Male & Female Life Expectancy

	Male	Female
Age 30 (2006)	80.1	86.1
Age 60 (2036)	84.9	89.5

Source: 2006/2007 Hospital Authority Statistics

HK population have the 2<sup>nd</sup>\* longest life span in the world, after Japan for female and Iceland for male.

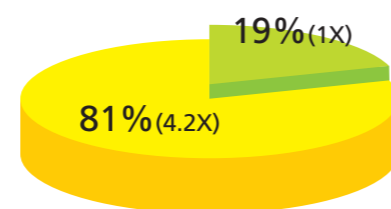
HK life expectancy is expected to keep improving, which means funding for medical cost in retirement is more than we expect.

\* Source: United Nations World Population Prospects: 2006 revision – for 2005-2010

#### Fact: For male aged 40:

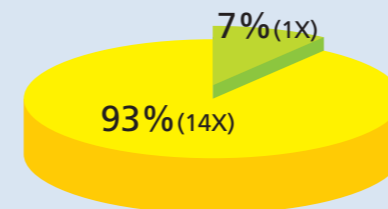
- Projected lifetime hospital cost is over HK\$600K, increasing to HK\$3.3M, assuming 5% p.a inflation;
- At 5% inflation, age 65 and after hospital cost is expected to be nearly 14 times that pre-65;
- If life expectancy is extended from say age 85 to 90, this lifetime hospital cost can increase by more than HK\$1M.

Medical Costs (Assume NO INFLATION)



● Before 65, HK\$116,099  
● After 65, HK\$488,951

Medical Costs (Assume 5% p.a. INFLATION)



● Before 65, HK\$230,552  
● After 65, HK\$3,121,057

Source: Incidence rate – 2008 Hong Kong Statistics; average hospital expenses (ward level) – Manulife claim experience.

The compounding effect of medical inflation will further enlarge the gap between the projected medical expenses before and after age 65!

**Tip** You need more after age 65 despite your ample medical insurance now.

**Fact:** The public hospital resources will be tightened and **waiting time will be lengthened** at public hospitals due to the aging population (25% of the population is over 65 in 2033 as compared with only 12.5% in 2007)\*.

\* Based on Source "Your Health your life, Health care consultation document" from Hong Kong government 2008, March

In the **160 days** liver cancer patient *waits* for treatment from public hospital, *the tumor size can have quadrupled\*\**.

\*\* Source: ATV News (April 22, 2009) at www.hkatvnews.com: Medical researches show fast-growing liver tumor size can double in about 70 days

**Timeliness of treatment is critical. Can you afford to wait at public hospital to delay the necessary treatments? Would you want to have your own choice and your life under your own control, even if you start planning after 50?**

In fact, about 61% of the population and over 90% of old age population (age 65+) are without any medical insurance in Hong Kong\*\*\*. So there are many people who are hoping for government assistance.

\*\*\* Source: "Thematic Household Survey Report No. 30", Hong Kong Census and Statistics Department

**Tip** It is never too early to start savings or insurance for your retirement medical reserves.

**Tip** We live longer than we think, given healthier lifestyles. The earlier you start **planning for your medical reserves**, the less the burden in retirement.

Take control of your medical funding now and set aside your money to save for future medical expenses and retirement!

MEDICAL