



Americans have 3 major fears about retirement, but they can be overcome



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By Liz Knueven
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Americans are increasingly worried about several factors when it comes to retirement.



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- Americans who want to retire are worried about healthcare costs, inflation, and market volatility.
- However, these fears are possible to overcome, says a financial planner.
- Checking that money is invested properly and opening a health savings account can allay these fears.

According to Allianz Life's 2021 Retirement Risk Readiness study, Americans are more worried about healthcare costs, inflation, and market volatility impacting their retirement than they were in 2020. The survey polled 1,000 people over age 25, with a single household income over \$50,000 per year, or \$75,000 jointly.

While Americans have three main concerns, a financial planner says there are ways to make sure your retirement savings will withstand your worries.

1. Healthcare costs worry 71% of Americans

Americans are increasingly worried about healthcare costs later in life. About 70% of those surveyed say this is a concern for them.

According to Fidelity, the average couple retiring in 2021 will spend \$300,000 on healthcare costs alone in retirement. That's a worrying amount for many Americans.

However, there are things that you can do to combat this, says Michaela McDonald, a financial planner at Albert.

She suggests saving more outside of 401(k)s and IRAs. "If you have access to a health savings account, that is a great way to start mitigating that risk of healthcare costs on your own," she says.

These accounts are available to anyone with a high-deductible healthcare plan, and the funds can be invested to be used later for healthcare costs, or in retirement. "Once you hit 65, the money in an HSA actually just becomes qualified retirement funds," she says, and can be used for any purpose penalty-free.

2. Inflation and a rising cost of living have 67% of Americans concerned

Inflation has become a big concern, especially as America slowly lifts pandemic restrictions. But, there's a simple solution to the problem, McDonald says: putting your money in the right place.

She says that knowing when to save and when to invest is critical, as is looking for interest rates and returns that will beat inflation. "You'll have your thousands in your emergency fund because that's going to be your safety net. Anything over and above that, and you can look at getting invested," she says.

Money that's invested will be better suited to keep pace with inflation than money sitting in a typical savings account, which doesn't offer much opportunity to grow. "It does not need to be really aggressive investments. It can be fixed-income funds or bond funds," she says. "Those are going to be really predictable ETFs and bond funds that can help offset that inflation."

"Just making sure that you have a plan for your money and it's invested well can help really offset inflation costs," McDonald says.

3. A possible market downturn worries 66% of Americans

An increasing number of Americans are worried that their money won't be there when they need it due to market volatility, specifically a possible downturn.

McDonald says that while that's a fear many have, it's not likely to be a problem. "My No. 1 recommendation to people who are worried about the market dropping their money is to look at the historical returns of the market. Over time the market has a positive return," McDonald says. The average 10-year stock market return for the past 140 years is 9.2%, according to Goldman Sachs data.

Making sure that your investments aren't too aggressive can be one way to allay fears about the market. "Make sure that your risk tolerance is in line with your financials because that can really help ease a lot of tensions," she says.

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