

Healthcare Costs in Retirement

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American workers are split about 50/50 when asked if they are confident they will have enough money to pay for medical expenses in retirement.

In a 2015 survey, 42% of all workers reported they were “not too” or “not at all” confident they would have enough money to pay for their medical expenses in retirement. Fifty-six percent said they were “very” or “somewhat” confident they could pay the cost.¹

Regardless of whether you’re confident or not, it’s important to have an idea about how much healthcare may cost in retirement. By putting the costs in better perspective, you might be able to better understand what you can pay for and what you can’t.

Tip: Medicare beneficiaries spent an average of \$4,734 out of pocket on health care in 2010, the most recent year for which figures are available. Forty-two percent of that went to premiums, 20% to long-term care facilities.

Source: MedicareResources.org, October 24, 2015

HEALTH-CARE BREAKDOWN



A retired household faces three types of health-care expenses.

1. A household may have the expense of premiums for Medicare Part B (which covers physician and outpatient services) and Part D (which covers drug-related expenses). Typically, Part B and Part D are taken out of a person’s Social Security check before it is mailed, so the premium cost is often overlooked by retirement-minded individuals.
2. The household should expect to pay for co-payments related to Medicare-covered services that are not paid by Medigap or other health insurance.
3. The retired household should expect to pay for dental care, eyeglasses, and hearing aids, which are typically not covered by Medicare or other insurance programs.

IT ALL ADDS UP

Fast Fact: Nursing Home Costs. In 2015, the national average rate for a private room in a nursing home was \$92,378 a year. The national average rate for a semi-private room in a nursing home was \$82,125.

Source: Genworth 2016 Cost of Care Survey

According to a HealthView Services study using more than 50 million actual cases, a healthy married couple, age 65, can expect these healthcare expenses to add up to \$267,000 over their lifetime. If you include dental, vision, co-pays, and out-of-pocket costs, the total rises to \$395,000.²

For a healthy 55-year-old couple who plans to retire in a decade, the number jumps to \$464,000.³

Should you expect to pay this amount? Possibly. Seeing the results of one study may help you make some critical decisions when creating a strategy for retirement. Without a solid approach, health-care expenses may add up quickly and alter your retirement spending.

OUT-OF-POCKET HEALTH-CARE COST

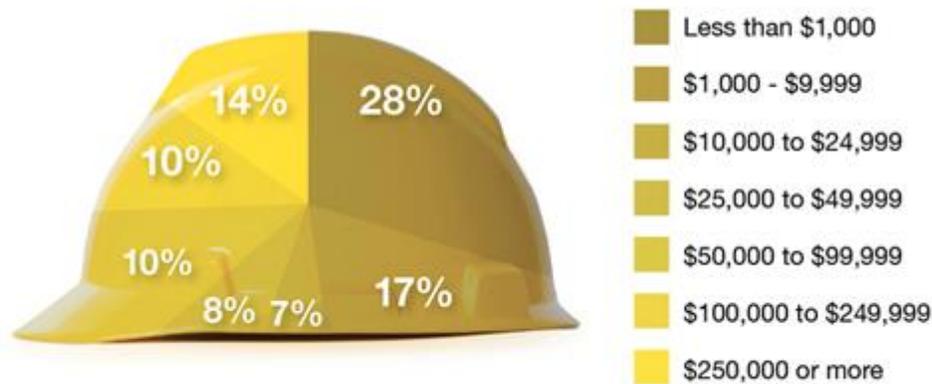
The cost of health care for a 65-year-old couple is projected to increase with age.

	Age 65	Age 85
Annual cost	\$6,999	\$14,530
Monthly cost	\$583	\$1,211

Source: CNBC, March 27, 2015

PREPARED FOR THE FUTURE?

Workers were asked how much they have saved and invested for retirement — excluding their residence and defined benefit plans.



Employee Benefit Research Institute, 2015 Retirement Confidence Survey.

1. Employee Benefit Research Institute, 2015 Retirement Confidence Survey

2,3. CNBC, March 27, 2015

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