



Healthcare costs in retirement

What can you do to be fully informed and prepared for a financially healthy retirement?

What is important to **know**?

1 You can estimate and plan for what you need

When preparing for retirement, many people don't factor in healthcare costs. About 40% of people haven't included healthcare in their retirement planning, and the costs can be upward of \$150,000 for women, and \$135,000 for men¹ above and beyond what is covered by insurance.



Our [healthcare calculator](#) will help you get a more customized estimate of what you'll need to cover your costs.

2 Medicare covers about 80% of costs

After turning 65, you are likely covered by Medicare. However, there is a premium, and it only covers 80% of expenses.² If you want higher coverage, you can pay for a supplement, called Medigap, as well as other policies for prescriptions, dental, vision, and hearing.

3 When you start claiming Social Security matters

Every year (after your full retirement age) that you delay taking Social Security increases what you get by 8%,³ and that is extra income that could potentially help with healthcare expenses. Retiring before you are Medicare-eligible can also be very costly because you have to cover the gap between your employer's coverage and when Medicare begins.

4 Almost everyone will need long-term care

About 70% of people over 65 will need some kind of long-term care, which can be expensive—from \$18,000 to \$100,000 a year.^{4,5} There are many different approaches and solutions across a broad range of price ranges, and it's important to plan for this before you actually need it.

5 There is an undeniable link between physical and financial wellbeing

Chronic illnesses can cost an extra 40% more for the healthcare alone, plus the potential cost of having someone care for you.⁶ Additionally, not being financially well-prepared can lead to stress, which may exacerbate illness, so it can become a vicious circle.

6 Women are more likely to live longer, so must prepare differently

Whether single, divorced, or widowed, there is a statistically good chance that a woman will spend many of her retirement years on her own financially.⁷ Women must prepare to pay more for healthcare, and for a longer period of time.

What is important to **do**?

□ Understand how much you're going to need

The average number is about \$150,000 for women and \$135,000 for men, but you can estimate how much you specifically need through a healthcare calculator.

Anyone with a higher chance for longevity (such as women or anyone with a family history of longevity) should prepare to pay for healthcare expenses for those extra years.

□ Save above and beyond for healthcare

Take advantage of ways to save for your healthcare in retirement. Start saving early in your career, and put the money into a separate account, like a health savings account (HSA), which not only has tax benefits, but can help you keep it earmarked.

If you're married or have a partner, it's critical to set healthcare money aside for each person separately.

□ Plan for long-term care

Map out how you will live independently, assess options, and plan for a solution if one doesn't exist. You can self-insure, which is setting aside enough money to cover to cover all your long-term care expenses, or you can purchase long-term care coverage or combo life insurance with long-term care options built in. This is particularly helpful if you purchase the insurance in your 50s, as premiums increase with age. These options do not need to be an either/or choice—a combination may be best.

About 75% of residents in nursing homes are women, where a room can cost as much as \$100,000 per year.⁸

□ Work with a professional

Working with someone can be quick, easy, and help you feel reassured that you're doing all you can. It only takes a few minutes to set up an appointment, and the meeting itself is flexible and usually requires very little preparation.



Ready to talk about your healthcare plan?

Call us. 888-766-6813



How can an HSA benefit you?

[Learn more about these accounts](#)

1. "A Couple Retiring in 2018 Would Need an Estimated \$280,000 to Cover Health Care Costs in Retirement, Fidelity® Analysis Shows," Fidelity, April 19, 2018.
2. "What Medicare Covers," Medicare.gov, November 2019.
3. "Delayed Early Retirement Credits," SSA.gov, November 2019.
- 4, 8. "Caregiver Resources & Long-Term Care," HHS.gov, November 2019.
5. "Costs of Care," longtermcare.acl.gov, November 2019.
6. "The Lifetime Burden of Chronic Disease Among the Elderly," National Institutes of Health (in PMC), February 22, 2019.
7. "Five Reasons Women are Taking the Lead in Financial Planning," Forbes, August 8, 2017.

Investing involves risk, including risk of loss.

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