



Healthcare & Your Retirement Plan

Don't miss a beat.

Good Health is widely regarded as the most important aspect of happiness.

Unfortunately, not only aren't we all born with perfect health, it tends to change with age. But thankfully, there are a lot of things we can control.

Learning what you can do to stay healthy during retirement means knowing:

- How the healthcare and Medicare systems work
- What these programs are going to cost you
- And, how to pay for them

Here's an Allworth Financial primer with essential-but-easy-to-digest facts and information that will help you master the challenge of not only staying healthy longer, but being able to pay for it, as well.

Retire better.



How much are retirement healthcare costs rising?



A 65-year-old couple retiring today will need at least \$315,000 to cover the combination of lifetime Medicare costs, supplemental insurance premiums, and other out-of-pocket healthcare expenses.¹

How fast are healthcare costs rising? In just the last year, Medicare Part B premiums rose 14.5%, and while in 2021, total healthcare costs for all Americans totaled \$4.3 trillion, that number is expected to jump to \$6.8 trillion in the next eight years.

Did you know?

People who save well actually have longer lifespans than people who don't.

¹Source: HealthView Services, 2018 Retirement Health Care Costs Data Report



If you're in your 50's, what should you do now to prepare for your future retirement healthcare costs?

If you haven't retired, there's still time to save and prepare. If you have access to a Health Savings Account (HSA) talk to your advisor about the numerous benefits you could receive by maxing that investment vehicle out versus attempting to find other avenues to pay for healthcare later.

HSA's offer triple tax advantages:

- Contributions are pre-tax
- Savings grow tax-free
- Withdrawals are tax-free (when used for qualified medical expenses)

Did you know?

As of 2019, the individual contribution limit for a Health Savings Account is \$3,500. For married persons with a family, the contribution limit is \$7,000.¹

¹Source: www.plansponsor.com/irs-announces-2019-hsa-contribution-limits



What are some key Medicare basics?

Medicare is our Federal Health Insurance program for people 65-years of age and older. Under certain conditions, related to the type of disability, you may be able to apply earlier.

With some key exceptions, if you're already receiving Social Security (or Railroad Retirement benefits), your enrollment in Medicare happens automatically when you turn 65. If you are not already receiving benefits, then you should start the enrollment process by visiting your local Social Security office.



Did you know?

To avoid delays, and costly (and frustrating) premium penalties, you should keep evidence of the date you visited your local Social Security office and began the enrollment process.

How many types of Medicare plans are there?

For ease of explanation, there are 4 main parts of Medicare: Part A, B, C and D. (Part C is private insurance that is approved to work with and supplement Medicare.) To help cover things not paid for by Medicare, you may need to buy Medigap and long-term care insurance.

A

Medicare Part A covers inpatient hospital care, skilled nursing facilities, hospice care, and some home health services.

B

Medicare Part B covers doctor's office visits and preventive services (like physicals).

C

Medicare Part C is approved private insurance that works with your Medicare.

D

Medicare Part D is the federal government's prescription drug plan.

Did you know?

Contrary to popular belief, Medicare doesn't cover everything. You may still be responsible for co-pays, deductibles, and premiums, along with the entire cost of certain types of care, services and elective procedures.



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Due to a personal health emergency, a work layoff, or the need to care for a loved one, 50% of people are forced to retire earlier than planned. If you are forced to retire, what should you do?

The good news is that with the addition of the Affordable Care Act (ACA), along with COBRA, private insurance, or by joining your spouse's or domestic partner's plan, you have a greater array of both flexible and affordable options than you did only a few years ago.

| | Target Audience | Estimated Costs | Considerations |
|----------------------------|--|-----------------|--|
| Spouse's Plan | Eligible spouses/partners of covered employees | \$-\$ | Not all employers offer this benefit. Special rules or surcharges may apply |
| State / Public Marketplace | Anyone | \$\$-\$\$\$ | Qualifications for federal assistance is based on your income level. |
| COBRA | Former employees | \$\$-\$\$\$ | Few employers subsidize COBRA. You may need to pay the full cost of coverage |
| Private Insurance | Anyone | \$\$-\$\$\$ | Your former employer may provide a reimbursement account used to help offset the cost of these plans |

What are the essentials of long-term care insurance?

Someone turning 65 today has a 70% chance of needing long-term care at some point in the future. The average duration of long-term care is 2.2 years for men and 3.7 years for women.¹

Long-term care is a range of services and support for your personal care needs. Most long-term care isn't medical in nature. It's typically support that helps you with basic personal tasks of everyday life such as bathing or meal preparation.²

Did you know?

Long-term care is NOT covered by Medicare. You must either self-insure or purchase long-term care coverage from an insurance company.



¹Source: <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

²Source: Longtermcare.gov



Final thoughts:

The basic reality of retirement healthcare is that there's nothing basic about it. It's complex, expensive and ever-changing, and everyone's situation is unique.

Don't leave anything to chance.

Start preparing now. Never lose coverage. And meet with your advisor today to create a plan that helps you meet your short and long-term healthcare needs and financial goals.



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