



## Don't Let Health Care Costs Derail Your Retirement

How much of your retirement savings have you earmarked for health care? No matter how healthy you are, you'll have some health care expenses once you retire. The best way to be ready for those expenses is to plan for them.

### Projected Expenses

The graph shows how much a current retiree with median prescription drug costs might need in savings to cover most health care expenses during retirement. When you retire, you could need more.

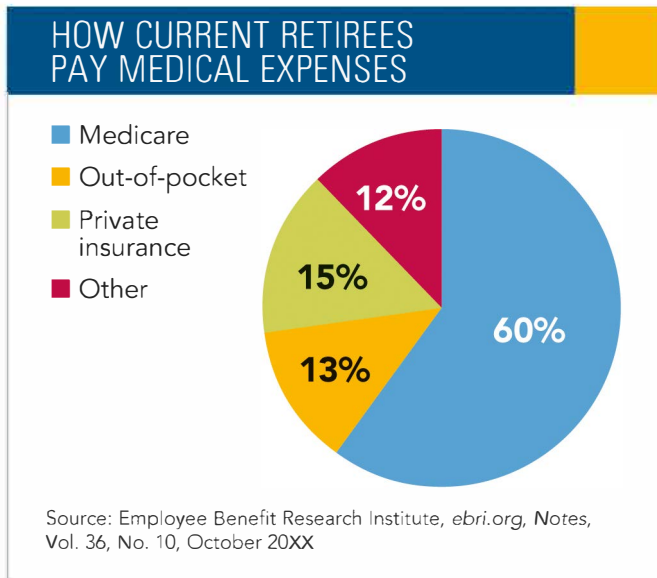
- Savings needed to have a 75% chance of meeting projected health care expenses
- Savings needed to have a 90% chance of meeting projected health care expenses



Source: Employee Benefit Research Institute, [ebri.org](http://ebri.org), Notes, Vol. 36, No. 10, October 20XX

## They're Only Averages

Don't let the numbers scare you. Remember you're probably paying health care insurance premiums and other health care expenses now. And, if you've based your plan contribution on a retirement income goal calculated from your current income, you're already building funds for health care expenses. But you need to check periodically whether you're contributing enough.



## Medicare Will Help

Once you turn age 65 and you're eligible, Medicare will cover some of your health care expenses, but not all of them. (See the pie chart.) While most people don't pay a premium for Medicare Part A "hospital" insurance, you will have to pay a premium for Part B coverage. Part B covers doctor visits, laboratory tests, some preventive services, and other outpatient services. Deductibles, coinsurance, and copays may apply for certain services covered under either Part A or B. You can also choose a Medicare Part D plan to cover prescription drug costs. You'll pay a premium for this coverage and may be subject to deductibles, coinsurance, and copays. Many people choose to buy supplemental insurance to cover expenses that Medicare won't.

## So Might Your Employer

You may be among the fortunate few who work for an employer that provides post-retirement health benefits. Check with your employer to find out.

## If You Retire Before You're Medicare Eligible

You have several options. You may be able to continue your employer's coverage for up to 18 months after you retire by making a COBRA election. You'll have to pay the premium (usually the full amount), plus a small administrative fee.

But a COBRA election may not be your most cost-effective option. Also consider:

- Having your spouse pick up coverage for both of you if he or she is still working for an employer that provides health insurance
- Arranging coverage through a second career
- If you go into business for yourself, setting up a small group plan
- Buying a policy in the Health Insurance Marketplace and claiming a premium tax credit, if eligible

## Where To Find More Information

Check out these websites for more information about retiree health care:

**[www.medicare.gov](http://www.medicare.gov)**. The federal government's website provides information about enrolling in Medicare, medical and prescription drug coverage, costs, and supplemental health care plans, as well as tools for comparing your Medicare health coverage options.

**[www.healthcare.gov](http://www.healthcare.gov)**. This federal government website describes health insurance types, choices, and terms from a consumer perspective, along with providing access to the Health Insurance Marketplace to apply for coverage.

**[www.360financialliteracy.org](http://www.360financialliteracy.org)**. Sponsored by the American Institute of Certified Public Accountants, this website has a section for retirees with information about planning for health care expenses and retiree health insurance.

**[www.insure.com](http://www.insure.com)**. You can use this independent consumer website to get quick quotes for all types of insurance (at the possible cost of being solicited).