



Health Care Costs in Retirement

According to a recent AARP survey, only about one-third (36%) of older Americans have dedicated savings for future out-of-pocket health care costs, even though several studies have shown that these future costs can reach \$250,000 or more for a married couple. Furthermore, the Employee Benefit Research Institute found that 60% of workers report they or their spouse have less than \$25,000 saved for retirement.

As you plan for retirement, it can be easy to overlook these potential future costs, which can wind up derailing an otherwise carefully planned retirement. The good news, however, is that more and more information and resources are available regarding the potential pitfalls surrounding health care costs during retirement.

First things first, set up a meeting with a Stifel Financial Advisor to discuss the Stifel Wealth Strategist Report[®]. The Wealth Strategist Report is a comprehensive financial plan and can integrate future health care costs into your retirement analysis. With the help of your Stifel Financial Advisor, the Wealth Strategist Report can instantly include your average health care costs for your state of residence or even customize these future costs using what you expect to pay. And if you plan on retiring a few years before becoming eligible for Medicare, you can input your potential health care costs for that age gap before inputting what they expect to pay for Medicare Parts B, C, D, and Medigap coverage.

Medicare, however, was never designed to cover all of a retiree's future health care costs. These costs can be unlimited, and Medicare only covers about half. Various Medigap policies can help cover most, if not all, of the costs that Medicare leaves to the recipient. These policies often come with premiums of around \$200 per month, so if Medicare does not pay first, a Medigap policy will not pay secondarily. Therefore, anything health care related that's not covered by Medicare can potentially be an out-of-pocket health care expense, including dental and vision services.

With an estimated 10,000 baby boomers turning age 65 per day – a trend that promises to continue for the next 15 years – you can bet that Medicare and retiree health care planning will soon enjoy the popularity that Social Security has today. Your Stifel Financial Advisor can help you learn more about coverage levels, potential costs, key dates, and other important details that might impact your retirement as well.

Stifel can help you make sure your retirement is not disrupted by unforeseen, out-of-pocket costs. Discuss with your Stifel Financial Advisor the potential future costs and adjustments today to help you gain the affordable coverage you may need tomorrow.