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Healthcare Costs in Retirement

Household medical expenses can add up quickly. Are you preparing accordingly?

In a 2022 Employee Benefit Research Institute (EBRI) survey, 35% of all workers reported they were either “*not too*” or “*not at all*” confident that they would have enough money to pay for their medical expenses in retirement.

Regardless of your own confidence level, being aware of potential in-retirement healthcare costs helps you understand what you can pay for and what you cannot.¹

Healthcare Expenses Breakdown

A retiree household faces three types of healthcare expenses.

1. Premiums for Medicare Part B (which covers physician and outpatient services) and Part D (which covers drug-related expenses). Typically, Parts B and D are taken out of a person’s Social Security check before it’s mailed, so the premium cost is often overlooked by retirement-minded individuals.
2. Copayments related to Medicare-covered services that are not paid by Medicare Supplement Insurance plans (also known as “Medigap”) or other health insurance.
3. Costs associated with dental care, eyeglasses, and hearing aids, which typically are not covered by Medicare or other insurance programs.

It All Adds Up

According to a HealthView Services study, a healthy 65-year-old couple can expect their lifetime healthcare expenses to add up to around **\$597,389** before accounting for inflation.²

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

Prepare for the Future

How much have you saved for retirement? Are you flagging savings for expected and unexpected healthcare expenses? Consult with your Financial Advisor to ensure your retirement strategy accounts for these critical costs.

Citations.

1. EBRI.org, 2022

2. HVSTFinancial.com, 2022

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