

Covering health care costs in retirement

7 steps to take now

1. Make the most of employer-sponsored retirement savings plans.

- Contribute enough of your pre-tax salary to get the matching employer contribution.
- Get the help of your financial advisor to invest your money into the best funds in your plan.

Next step:

2. Save more into your Traditional and Roth IRAs.

- Contribute the maximum amount, or as much as you can, each year.
- Take advantage of catch-up contributions if you're over 50.

Next step:

3. Start a Health Savings Account (HSA) with a high-deductible health plan.

- Contribute the maximum amount to your HSA each year.
- Avoid taking money out until age 65 or later, when you can spend your HSA funds on health care expenses or anything else you choose.

Next step:

4. Know how much to expect in Social Security benefits.

- Visit ssa.gov to see what your monthly benefit will be at age 66.
- Delay filing for your benefits as long as you can. The longer you delay, the larger your benefit will be.

Next step:

5. Get an individual and family health plan if you intend to retire before age 65.

- Be sure you have health coverage to bridge the gap until you're eligible for Medicare.
- Shop and compare plan benefits, premiums, copays and deductibles before you buy.
- Save money by using doctors, clinics and pharmacies in the plan network.
- Check to see if the plan covers the prescriptions you take, and how much it will pay.

Next step:

6. Protect your finances with a supplemental Medicare plan when you turn 65.

- Learn all you can about Medicare — how it works, what it covers and what it doesn't cover.
- Sign up when you first become eligible for Medicare to avoid late enrollment penalties.
- Enroll in a Medicare Advantage or Medigap plan to help cover costs Original Medicare doesn't cover, and look for separate Part D coverage if your plan doesn't include it.

Next step:

7. Consider long-term care (LTC) insurance.

- Know your family health history, which can help you anticipate your future needs.
- Purchase a plan while you're healthy enough to qualify. Most people buy in their 50s and 60s.
- Find out if the plan will reimburse you for care you receive at home, in a nursing home or assisted living facility, and in a day care center.
- Consider hybrid plans that combine life insurance with LTC, so your heirs will receive a death benefit if you pass away.

Next step:



Health care costs are likely to be one of your biggest expenses in retirement. Talk with your financial advisor to plan ahead so you'll be ready to manage these expenses down the road.

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