

# Retirement Health Care Costs: What You Should Know

## Keep In Mind...

- **Health care costs increase 5.1% on average each year.** If you are on an employer-sponsored health plan, you know premiums can rise sharply. Unfortunately, retirement health care costs are no different <sup>1</sup>
- **Costs are in future dollars.** Over time, inflation reduces the value of the dollar, so when you're at Medicare age, you will not perceive these costs to be as high as you do right now
- Approximately **1/3** of retirement expenditure is on health care costs <sup>2</sup>
- Health care costs are the **top retirement concern** of Baby Boomers, Generation X, and Generation Y <sup>3</sup>

## Health Care Cost Drivers



Current Age



Gender



Health Conditions



Residency



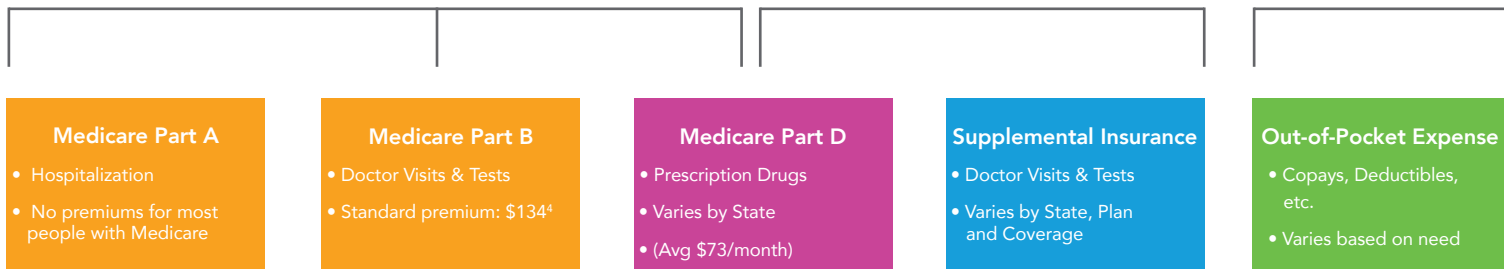
Income

## Retirement Health Care Breakdown

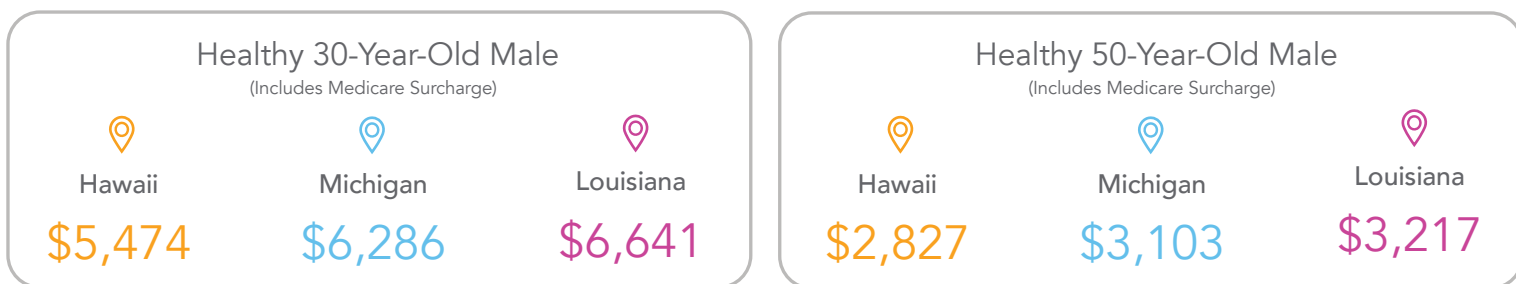
### Medicare

### Private

### Other



## Anticipated Average Monthly Health Care Costs in Retirement <sup>5</sup>



<sup>1</sup> HealthView Services, 2016 Retirement Health Care Cost Data Report <sup>2</sup> Roy, Amian, Sonali Punhani, and Liyan Shi. "Longer Lives, Changing Life Cycles: Exploring Consumer and Worker Implications." <https://doc.research-and-analytics.csf.com>. Credit Suisse, 20 July 2011. Web. Roy, Amian, Sonali Punhani, and Liyan Shi. <sup>3</sup> MFS Fund Distributors, Inc 2015, Fact Sheet - What Are You Worried About?, MFS Investing Sentiment Survey, <[https://www.mfs.com/wps/FileServerServlet?articleId=templatedata/internet/file/data/sales\\_tools/mfsp\\_worry\\_sf1&servletCommand=default](https://www.mfs.com/wps/FileServerServlet?articleId=templatedata/internet/file/data/sales_tools/mfsp_worry_sf1&servletCommand=default)> <sup>4</sup> (or higher depending on your income). Premiums for Social Security benefit recipients: \$109 on average. Late enrollment penalties may apply. <sup>5</sup> Calculated by HealthView Services using the following assumptions: Life Expectancy- 87; Retirement Age- 67; Assumed Annual MAGI for Surcharge Example- \$107,001; Premium Coverage Medicare Part A, Medicare Part B, Medicare Part D, Supplemental Insurance; Out-Of-Pocket Coverage- Hospitalization, Doctors, Tests, Prescription Drugs; Cost Projections-Future Value.