

Put Your Future Healthcare Expenses in Focus

Planning for your financial future? Consider healthcare in your calculations.

Studies find that retirees' expenses decrease as they age—with the exception of healthcare costs not tied to regular doctor and dentist visits and prescription drug programs.¹ Why? Because the cost of co-pays, deductibles, wellness visits, prescriptions, exercise, and eating well are only part of the equation. As people age, their health can change, leading to additional and increasing healthcare expenses.

Dare to Prepare

Perception



61% of Workers are confident they will have enough money to cover medical expenses during retirement.⁴



72% of Workers are confident in their ability to do a good job planning for retirement.⁴

Reality



A retiring 65-year-old couple will need an average of \$680 per month⁵ to cover medical costs throughout a 30-year retirement. The costs continue to rise by 6% on average each year due to inflation.



As a general rule, one should set an expected retirement spending target of 85% of the estimated (after-tax) income they're receiving pre-retirement.⁴



54% of American workers have less than \$25,000 in savings and investments.⁴



The Cost Concern Is Real

84% of Americans are concerned about paying for healthcare during retirement.²

And With Good Reason

Research suggests many Americans greatly underestimate the amount of savings they may need to cover healthcare costs in retirement.³

Senior Health By The Numbers



Nearly 86% of adults 65 and older have at least one chronic condition and 61% have at least two.⁶



The average Medigap plan monthly premium for additional health insurance costs not covered by Medicare (\$2,196 per year) in 2016.⁷



The average surcharge high income seniors will face (\$737–\$4,091 per year) for Medicare Part B and Prescription Drug Plan coverage.⁸

How to take control over healthcare costs in retirement



Take preventive healthcare seriously:

Eat well, exercise daily, minimize alcohol consumption, and avoid tobacco.



Factor healthcare costs into your total retirement picture and plan for the unexpected:

Use our **Future Income Planner** to get a snapshot of your income needs at brighthousefinancial.com.



Explore alternative ways to fund future health care expenses including:

Brighthouse Financial Income Annuities

Both immediate and deferred annuities are retirement products designed to help you set aside guaranteed income⁹ for future daily and discretionary expenses using a portion of your assets.

Single Premium Immediate Annuity

An immediate annuity, like the Brighthouse Income Annuity^{SM,10}, can supplement:

- Healthcare savings accounts
- Pensions and Social Security
- Regular healthcare costs, such as wellness visits, prescription programs, and the like.

Deferred Income Annuity

A deferred income annuity, like the Brighthouse Guaranteed Income BuilderSM, can help in order to:

- Plan for future expenses with deferred income payments
- Cover assisted living expenses, gaps in primary care coverage, additional Medicare premiums, and more.

Secure predictable, stable income for immediate or future healthcare expenses.

Contact your financial professional or visit brighthousefinancial.com to get a quote, receive more information, or access the Brighthouse Financial income annuity tools.

- ¹ Utilization Patterns and Out-of-Pocket Expenses for Different Health Care Services Among American Retirees. Sudipto Banerjee, Ph.D., Employee Benefit Research Institute, February 2015.
- ² Fidelity Brokerage Services LLC, Fidelity Viewpoints, How to Tame Retiree Health Care Costs, November 4, 2015.
- ³ HealthView Services, Retirement Health Care Costs and Income Replacement Ratios, 2015. www.hvsfinancial.com/wp-content/uploads/2015/11/Retirement-Health-Care-Costs-and-Income-Replacement-Ratios-Final.pdf.
- ⁴ 2016 Retirement Confidence Survey, Employee Benefits Research Institute.
- ⁵ Fidelity's 2015 Retiree Health Care Cost Estimate. Based on a hypothetical couple retiring in 2015, 65 years old, with average (85 male, 87 female) life expectancies. Estimates are calculated for "average" retirees, but may be more or less depending on actual health status, area of residence, and longevity. Assumes individuals do not have employer-provided retiree health care coverage, but do qualify for Original Medicare. The calculation takes into account cost sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.
- ⁶ Wan He and Luke J. Larsen, U.S. Census Bureau, American Community Survey Reports, Older Americans With a Disability: 2008–2012, issued 2014. www.census.gov/content/dam/Census/library/publications/2014/acs/acs-29.pdf.
- ⁷ Filling Gaps in Medicare. www.medicareinteractive.org/get-answers/filling-gaps-in-medicare. Medigap policies are sold by private companies to cover some of the health care costs that Original Medicare doesn't cover, like copayments, coinsurance, and deductibles.
- ⁸ Medicare Premiums: Rules For Higher-Income Beneficiaries. www.ssa.gov/pubs/EN-05-10536.pdf. High Income amounts (2016): \$85K - single; \$170K - joint.
- ⁹ Guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.
- ¹⁰ Referred to as Single Premium Immediate Annuity or SPIA in the contract and on related forms.

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In applying the information provided in this material, you should consider your other assets, income and investments – such as the equity in your home, your social security benefits, any IRAs, savings accounts, and other plans that may provide retirement income, as those other assets may not be included in this discussion, model, or estimate.

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