

A HIGH PRICE TAG

→ Eye-popping health-care expenses require thoughtful planning and strategic saving

A quarter of a million dollars.

A healthy retirement plan should have that much earmarked for health care in retirement, according to a report by Fidelity, which estimates that today's average 65-year-old couple will need \$260,000 to cover medical expenses throughout retirement.

Health care is one of the biggest expenses for retirees, not to mention one of the most unpredictable; yet people often overlook it. I recommend pre-retirees and retirees look into these options to start planning for health-care expenses:

Long-term care

That eye-popping \$260,000 price tag doesn't include long-term care, which could come into play for as many as 70 percent of Americans age 65 and older, according to the Department of Health and Human Services.

Assisted living costs about \$40,000 a year per person and a nursing home can be nearly twice as expensive! And those costs are rising year over year, according to a 2016 report from Genworth.

Long-term care insurance can cover those expenses. A typical policy can help pay for care in assisted-living, nursing-home and Alzheimer's facilities as well as respite and hospice care. Fidelity recommends a 65-year-old couple plan to cover \$130,000 in long-term care expenses.



Save your HSA

A Health Savings Account (or HSA) is an effective tool to save money for health care in retirement, yet only 18 percent of employees who are contributing to HSAs are planning on using their investment for retirement, according to a survey by Price Waterhouse.

You can contribute to an HSA on a pre-tax basis. Earnings and withdrawals are also federal tax-free as long as you're using the funds to pay for qualified medical expenses. You can contribute to an HSA and allow it to grow from year to year. And you can take it with you when you leave your job.

Delay retirement

The timing of your retirement can make a difference of tens of thousands of dollars in out-of-pocket health-care costs. The average retirement age is 62, according to the Transamerica Center for Retirement. Staying on the job a few extra years will allow you to stay on your employer's health-care plan until Medicare kicks in at age 65. Couples can also stagger their retirements, with one spouse retiring and the other remaining on the job.

Before you go into retirement full-time, why not go part-time? In addition to enjoying the extra income, you can take advantage of your employer's benefits for part-time employees (where applicable).

Find your providers

Do your research before you need to see a doctor. Look for health-care providers with good track records for quality, cost and safety. You'll want to establish providers in four areas — a primary-care physician, a

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specialist (in some cases more than one) for any existing or expected conditions, an urgent-care provider and a hospital.

Ask your doctor for a list of health-care providers with the highest quality and safety standards, and ask your insurance company how to lower your out-of-pocket costs.

Look to the past — and the future

Although you can't see into the future, your family history can give you an indication of what kind of care you'll need. Use that as a guide when determining what kind of coverage you want. And, of course, practice healthy habits to help prevent costly, chronic conditions like high blood pressure, high cholesterol and an unhealthy weight.

Mike Kojonen is a licensed insurance professional and the owner of Principal Preservation Services, a full-service financial planning firm with offices in Woodbury, Minn., and Hudson, Wis. Learn more at preserveyourdollars.com.



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