

# How to help plan for healthcare in retirement

The average medical expenses in retirement are often greater than many people realize, but planning ahead can help mitigate the unexpected.

How much do you think you'll spend on healthcare in retirement? According to [Fidelity Investments' 2022 Retiree Healthcare Cost Estimate](#), many Americans believe a retiring couple will need around \$41,000 but that's a vast underestimate of the average medical expenses in retirement. Per the estimate, a retiring couple will need around \$315,000. In addition, a 65-year-old single man retiring now can expect to spend \$150,000, and a 65-year-old single woman may need to plan on \$165,000. Those are big numbers, but the considerations below may help you plan for healthcare costs in retirement.

## Develop a savings and budget strategy

Just as there are many ways to help save for retirement expenses, there are many ways to budget for healthcare expenses. That's why a well-rounded [retirement savings](#) strategy is so important. Money from a 401k, Individual Retirement Account (IRA), Health Savings Account (HSA), [annuities](#), and traditional savings accounts offer ways to help pay for things from routine healthcare to more extensive needs. In addition, while Medicare may cover some hospitalizations, you will generally need to account for deductibles, premiums, out-of-pocket expenses and [supplemental insurance](#). Well before you're ready to retire, you may want to consult a financial advisor to help estimate future healthcare costs and discuss available savings tools.

## Consider long-term care insurance

According to the most recent data from LongTermCare.gov, [almost 70% of retirees need long-term care](#) at some point. Medicare doesn't cover most of these costs, so you might consider [long-term care insurance](#). Before you purchase a policy, research what it covers and how you can use it. In general, the younger you are when you purchase a policy, the lower the premiums.

## Manage distributions to help maximize Medicare premiums

If you have more retirement income, you'll probably have more tax liability, and that has the potential to increase your Medicare premiums. You may want to consult with a tax planner at the beginning of each year to discuss how distributions and withdrawals from income or savings accounts will impact your overall finances (including healthcare costs in retirement).

## Delay retirement if you are able

If you retire before 65, you'll have to pay out-of-pocket for an insurance plan until you're eligible for **Medicare**. If you're trying to balance limited retirement savings with healthcare costs in retirement, you may consider deferring retirement until age 65. As an added benefit, this also increases the Social Security benefits you can collect each year.

## Help stay well with preventive care

Practicing preventive care may help **lower your retirement healthcare costs**.

- Visit the doctor for regular checkups, immunizations and any preventive screenings.
- Take any prescribed medicine.
- Follow a healthy diet and lifestyle.
- Stay active and engaged.