



Cost of retiree health care greater than expected

Surprises in Store

Retiring early has a price

Health care alone could cost a couple retiring in 2014 at age 65 \$220,000 over the course of their retirement, according to an annual study from Fidelity Investments*. Retire early – whether you want to or not – and you can add up to \$17,000 a year to that total, Fidelity estimates.

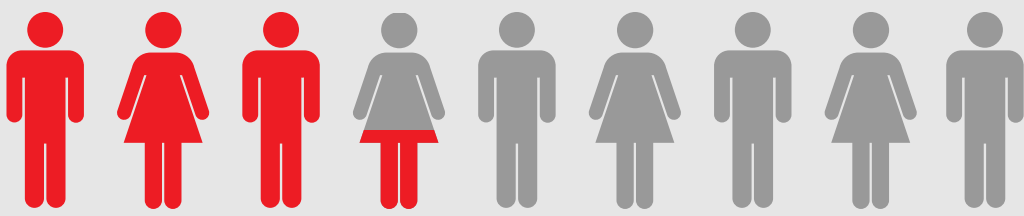


But not everyone can control when they retire

86% of pre-retirees in a recent survey** said they were somewhat or very confident in their ability to control the timing of their retirement ...

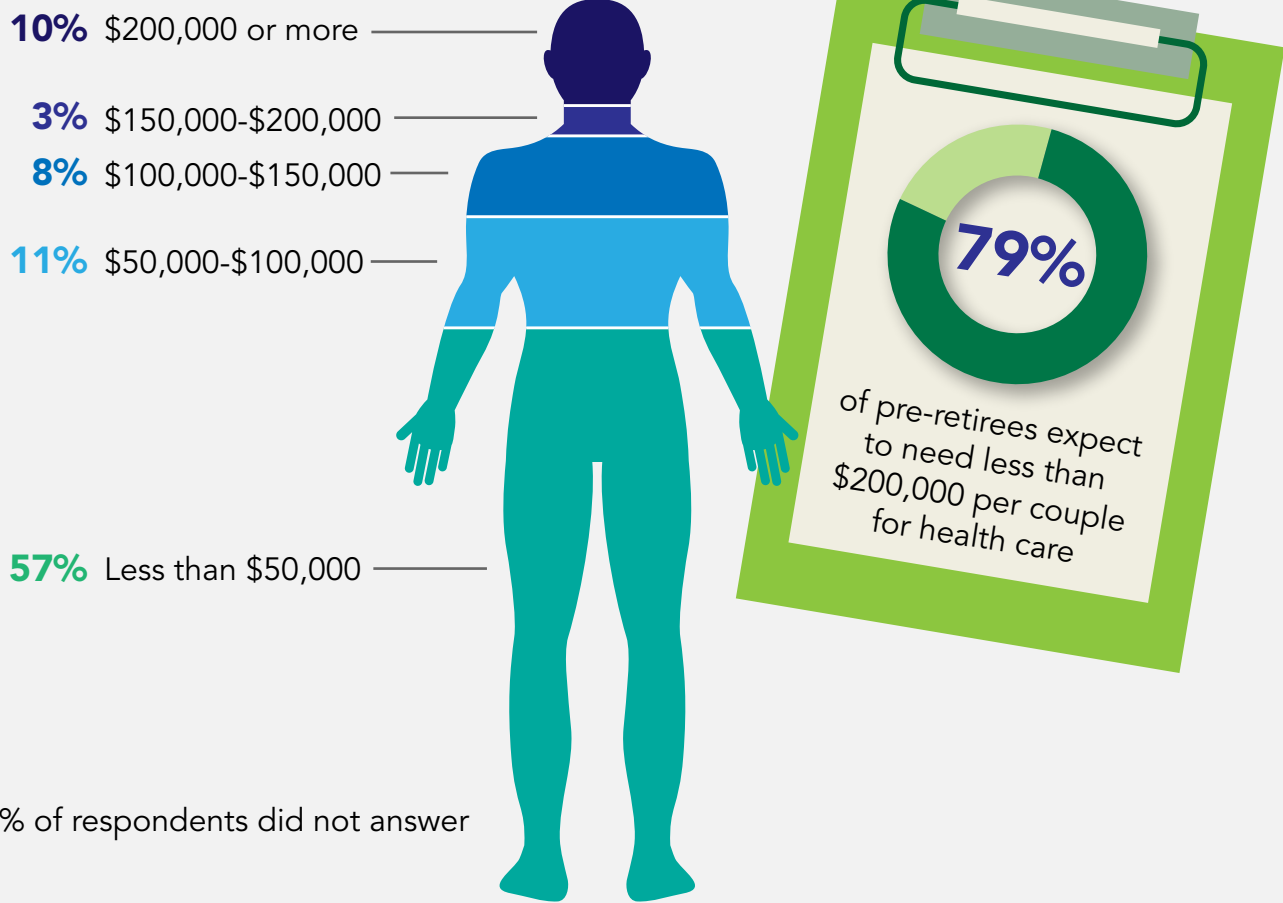


... but **34% of recent retirees** said they had to retire earlier than they planned, by an average of three years.

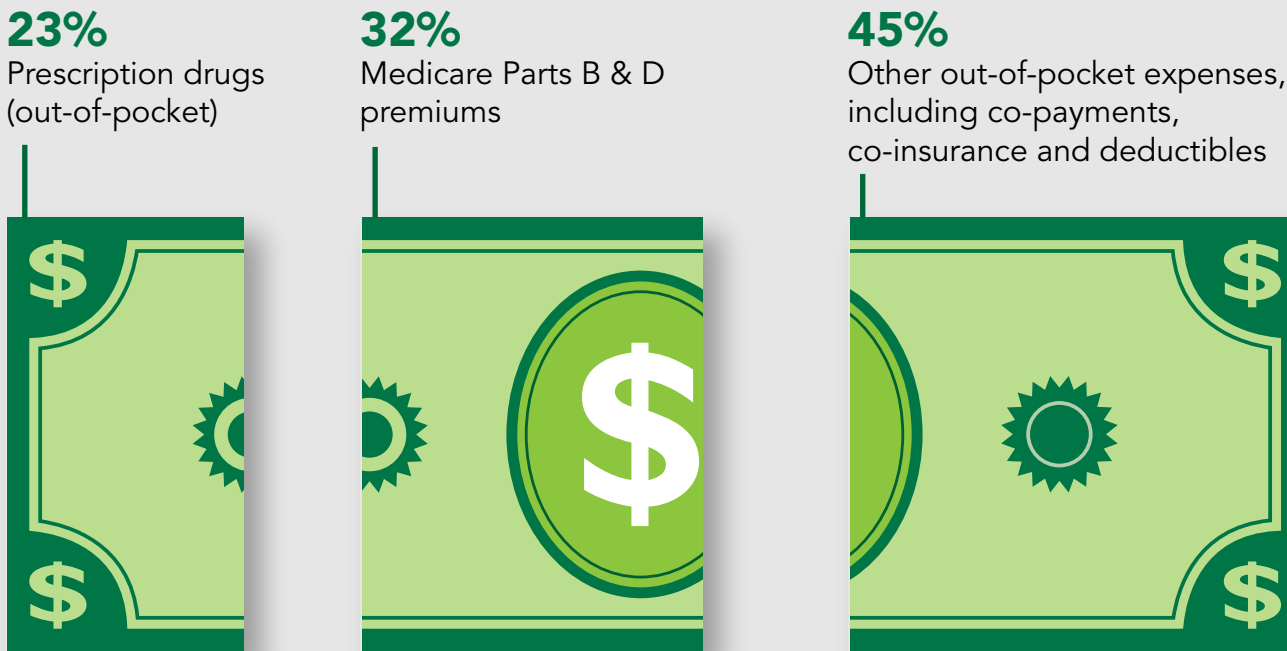


The real cost takes many by surprise

Pre-retirees widely underestimate how much health care costs during retirement. Fidelity estimates the cost at \$220,000 for couples retiring this year, but few of those surveyed were close. Here's what pre-retirees said they expected spend on health care in retirement per couple:



Where does the retiree health care money go?



Source: Fidelity Benefits Consulting 2014



* Fidelity Benefits Consulting, 2014. Based on a hypothetical couple retiring at age 65 years or older, with average (82 male, 85 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 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 Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

** Fidelity Retiree Health Survey conducted GfK Public Affairs of 1007 preretirees and recent retirees, March 2014.

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