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Healthcare In Retirement: Your 5-Step Planning Guide

Healthcare costs are a top retirement concern for consumers and an important part of retirement planning. Understanding your Medicare choices, preparing for potential out-of-pocket expenses, and coordinating healthcare decisions with your income and tax strategies can help preserve more savings and reduce unnecessary expenses, helping to support the retirement lifestyle you envision.[1] Use this handout to start the conversation with your advisor.

Key Considerations for Your Retirement Healthcare Strategy

- **Create a dedicated healthcare budget.** Include premiums, deductibles, copays, prescriptions, dental, vision, hearing, and possible long-term care.
- **Understand your Medicare options.** Medicare doesn't cover everything, and your coverage choice can affect provider access, travel coverage, monthly premiums, and out-of-pocket costs.
- **Consider how your income can affect healthcare costs.** Higher income may increase Medicare premiums, while income before age 65 may affect Affordable Care Act subsidies.
- **Build a foundation with protected income.** Protected income sources, such as Social Security or an annuity, can help pay for regular expenses like healthcare premiums and reduce the need to sell investments during a market downturn.

[1] Source: *Redefining Advice: Integrating Healthcare Into Retirement Planning, LIMRA, 2026*

Navigate With Confidence

Your 5-Step Action Plan

Use these five steps to get organized, understand your options, and know what to ask your advisor about building a healthcare strategy before you retire. Review them every year or when your health, family, work, or finances change.

1. Plan for a Long Retirement

- **Know:** You may spend many years in retirement, and healthcare needs can change over time.
- **Do:** Plan for different scenarios, including living longer than expected or needing additional care later in life.
- **Ask:** "How can my plan adapt if my healthcare costs increase later?"

Next step: Write down your health conditions, regular prescriptions, family health history, and anyone you may need to care for.

2. Think About Where You Will Live

- **Know:** Where you live can affect your doctors, hospitals, insurance choices, taxes, housing costs, and transportation.
- **Do:** Compare the cost of staying where you are, moving, or getting extra help at home.
- **Ask:** "Will my doctors, hospitals, and medicines be covered where I plan to live?"

Next step: Pick one or two places you may want to live in retirement. Compare healthcare access, housing cost, taxes, travel, and support from family or friends.

3. Build Your Healthcare Budget

- **Know:** Medicare can help cover many healthcare expenses, but you may still have some out-of-pocket costs to plan for.
- **Estimate:** Include premiums, deductibles, copays, prescriptions, dental, vision, hearing, and other costs you may pay yourself.
- **Prepare:** Build in a cushion for healthcare inflation and unexpected medical expenses.

Next step: Gather your current insurance information, prescription costs, and recent medical bills. Use them to estimate a monthly healthcare cost.

4. Match Healthcare Costs with Reliable Income

- **Know:** Some healthcare costs happen every month. Income you can count on, such as Social Security or an annuity, can help cover those regular costs.
- **Understand:** An annuity can turn part of your savings into a protected income stream that can last for a set period or for life, depending on the type you choose.
- **Plan:** Using protected income for essential expenses can help provide greater confidence and flexibility when markets fluctuate or unexpected bills come up.
- **Ask:** "Which healthcare costs should I cover with reliable income, and would an annuity make sense for part of my plan?"

Next step: List your must-pay monthly costs, including healthcare premiums and prescriptions. Then compare them with income you can count on, such as Social Security, a pension, or an annuity.

5. Revisit Your Plan Annually

- **Compare:** Look at the money you expect to have after taxes and the bills you expect to pay.
- **Make adjustments:** If expenses increase or your goals change, you may decide to save more, work longer, adjust spending, change coverage options, or add more reliable income through Social Security, a pension, or an annuity.
- **Review:** Recheck your plan when your health, home, family, job, or income changes.

Next step: Put a yearly reminder on your calendar to review your healthcare and retirement plan before insurance enrollment periods.

Questions to Ask Your Advisor

- What healthcare costs have we planned for, and where might there be gaps?
- How would Original Medicare with supplemental coverage compare with Medicare Advantage for my doctors, prescriptions, travel, and budget?
- How could my income strategy affect my taxes, Medicare premiums, or eligibility for healthcare subsidies?
- How much of my healthcare budget could be covered by protected income, such as Social Security, a pension, or an annuity?
- Would an annuity be appropriate for my situation, and what benefits and what trade-offs should I consider?
- How should I prepare for dental, vision, hearing, home care, or long-term care?
- What should trigger an immediate review of my plan?

Start today by gathering your information, estimating a monthly healthcare budget, and scheduling a review with your advisor. Small steps today can make future choices easier.

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