



## FOUR MYTHS DEBUNKED: HEALTHCARE COSTS IN RETIREMENT

Over the course of retirement, healthcare expenses are anticipated to cost \$280,000, on average, for a couple turning age 65 today.<sup>1</sup> Yet, many retirees significantly underestimate their out-of-pocket healthcare costs, assuming that Medicare and private insurance will cover far more than it does. Below we've debunked four of the most common myths about healthcare costs to help you make confident and informed decisions about planning for healthcare in retirement.

**MYTH #1: Medicare will cover all of my healthcare expenses.** Misinformation about what Medicare does and does not cover can lead many people to underestimate how much money they may need to cover healthcare expenses after age 65. While Medicare Parts A and B provide coverage for most hospital stays, emergency room visits, certain lab tests, and doctor's office visits, you may still be responsible for a portion of these costs, including copays. Medicare also does not cover prescription drugs administered outside of a hospital setting and most dental, hearing, vision, and long-term care services, which can add up quickly over time.

**MYTH #2: I don't need to purchase a prescription drug plan.** Certain prescription drugs can cost hundreds or even thousands of dollars per month, especially those used to treat rare conditions or where a generic version is not available. Purchasing a prescription drug coverage plan, such as Medicare Part D or certain Medicare Advantage plans offering prescription drug coverage, may help lower your out-of-pocket healthcare expenses in retirement.

**MYTH #3: My Social Security benefits will cover anything Medicare doesn't cover.** While most retirees rely on Social Security benefits to provide a portion of their income needs in retirement, keep in mind that Social Security is only expected to replace about 40% of the average worker's pre-retirement income in retirement.<sup>2</sup> Without additional income from sources such as a company pension, employer retirement plan(s), and personal savings, most retirees find that Social Security alone falls short of paying for all of their expenses in retirement.

**MYTH #4: It's less expensive to age at home.** Remaining in your home is not always the least expensive option if you require assistance with activities of daily living, such as cooking, cleaning, dressing, bathing, and transportation. A 2018 study reports the average annual cost for home health aides is \$50,336.<sup>3</sup> While that's roughly the same as the average cost of an assisted living facility at \$48,000 a year,<sup>3</sup> it's important to consider the other costs associated with remaining in your home. These may include retrofitting your home with wheelchair ramps and safety features, in addition to paying your mortgage or rent, homeowner's insurance, real estate taxes, utilities, and regular maintenance and repairs—all of which can quickly push the cost of remaining in your home with the assistance of paid caregivers well over the estimated average.

Call the office today if you have questions or concerns about how you will pay for healthcare costs in retirement.

<sup>1</sup> <http://money.com/money/5246882/heres-how-much-the-average-couple-will-spend-on-health-care-costs-in-retirement/>

<sup>2</sup> <https://www.ssa.gov/planners/retire/r&m6.html>

<sup>3</sup> <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

# SHOULD YOU CONSIDER RENTING BEFORE BUYING IN AN ADULT COMMUNITY?

If you're considering moving to an over-50 adult community, it may be wise to consider renting first before making a large financial commitment, especially if it involves moving to a new city or state. While a move can be exciting, it can also be daunting if you're not familiar with the local area and housing market, opportunities to socialize and meet new friends, or the year-round climate. That's where renting for a period of time can pay off, even if your ultimate goal is to buy a home.

Renting first may help you:

- **Do your homework at your own pace.** Renting in or near a community you're interested in living long-term has many benefits, including ample time to weigh the pros and cons of the community, which is hard to do if you're just visiting for a day or two. It may also help prevent you from falling prey to high-pressure sales tactics, such as special limited-time deals or one-time discounts, some developers use to get you to sign on the dotted line before you leave town or have adequate time to weigh your decision.
- **Get to know the neighbors.** Renting within the specific community you're interested in provides an ideal opportunity to get to know your neighbors and experience the community's amenities. Is the gym or pool crowded at peak times? Are your new neighbors welcoming and inviting? Do they share your interests? Is it easy to make friends? Do the amenities live up to your expectations? Are family members and grandchildren welcome?
- **Check the climate.** If you're considering moving to an area that you've visited, but have never lived year-round, that's another good reason to rent first. It's not uncommon for people to move south to escape the winter weather, only to find that the summers in their new location are unbearably hot or they miss the changing seasons. Renting allows you to experience all four seasons in your new location without the long-term financial commitment.
- **Experience the lifestyle.** Theme communities are the latest trend in over-50 communities. These communities cater to certain lifestyles, such as communities for artists, music lovers, or boating, golf and pickleball enthusiasts. Keep in mind, however, that too much of a good thing can also wear over time. If you're looking for a golf community, play the course a few times to make sure you like it and determine how easy it is to get convenient tee times. And remember, while you may envision yourself playing golf every day during retirement, make sure the community offers access to other interests you and your spouse may share—just in case the novelty of playing every day wears off.

Moving to a community catering exclusively to adults over 50 can be a major lifestyle change. If the community you choose is not everything you thought it would be and more, renting first provides an easier path out if you change your mind. If you have questions about planning for life in retirement, contact the office to schedule time to talk.

*These are the views of Katie Williams, a freelance financial writer and news commentator, not the named Representative or the Broker/Dealer, and should not be construed as investment advice or a recommendation. Neither the named Representative nor Broker/Dealer gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The publisher is not engaged in rendering legal, accounting or other professional services. If expert assistance is needed in these areas, the reader is advised to engage the services of a competent professional. Please consult your Financial Advisor prior to making any investment decisions.*