

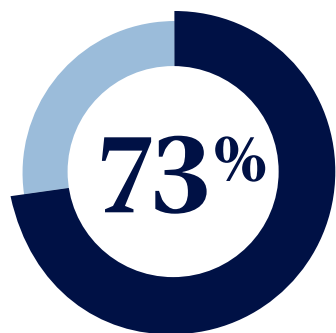


## Health Care

# The Real Costs of Retiree Health Care

Historically, health care costs in retirement have been a scary subject and a challenging financial puzzle. People fear not being able to afford quality health care. Adding to the fear is the consistent message that health care costs in retirement are enormous. Many preretirees believe that they'll need a large lump sum at retirement to cover these costs.

However, our research shows that health care costs can be effectively planned for and the conversation about health care costs need not be as scary as previously thought. Lost in the retiree health care discussion are key facts that bring the challenge down to size.



of retirement health care expenses are premium costs.<sup>1</sup>

**\$3,500**  
PER YEAR

is the median total health care cost for retirees.<sup>1</sup>

### The Program provides:

- An overview of the health care landscape, including a high-level overview of health care costs in retirement and Medicare.
- A breakdown of costs into fixed—primarily Medicare premiums that can be budgeted for, and variable—out-of-pocket and unexpected costs.
- Several strategies to help plan for health care costs in retirement, including Pretax and Roth accounts, Health Savings Accounts (HSA), and Variable Annuities.
- Additional content to dive deeper into the research, Medicare, HSAs, and Variable Annuities.

### Benefits include:

- The understanding that health care costs can be effectively planned for, thereby helping to alleviate previous fears and misperceptions.
- Health care costs can now be part of an overall retirement strategy, encouraging a holistic approach for retirement.
- An enhanced knowledge of health care costs can help employers design plans for their employees including flexible withdrawal options or a Roth or HSA option, for example.

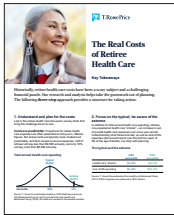
<sup>1</sup> Source: T. Rowe Price estimates based on projected 2024 Medicare premiums and data from the Health and Retirement Study (HRS). All costs are rounded to the nearest hundred.

## Resources:



### The Real Costs of Retiree Health Care presentation

- Presentation to help understand the real costs of health care in retirement and steps to prepare. Versions available for all audiences.



### Key Takeaways handout

- Offers easy-to-digest highlights from the presentation and suggests actions based on life stage.



### White papers

- Explore the topic of retirement health care costs with in-depth white papers covering essential themes.



### Medicare

- Learn more about Medicare coverage, enrollment, and the impact of Medicare expenses on retirement income.



### Health Savings Accounts (HSAs)

- Summary highlights the importance of incorporating HSAs into a holistic retirement strategy. Version available for plan sponsors.



### Variable Annuities

- Presentation and handout provide an overview of the health care landscape and highlight how Variable Annuities can be used for health care expenses in retirement.

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### TO LEARN MORE

Talk with your T. Rowe Price representative to learn more about the health care program.

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