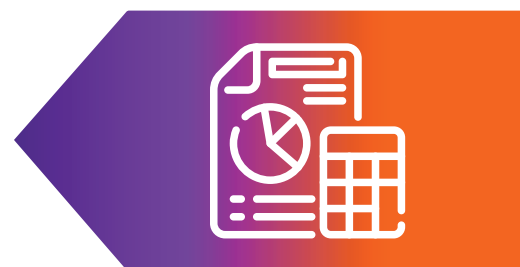




Estimating Healthcare Costs in Retirement

Healthcare might be the biggest and most unpredictable costs you'll face in retirement. But it's just another line item in your annual budget, just like food, clothing, or housing. Once you understand the common variables that affect this expense, you can plan for it. Let's take a look at some of the factors that can affect your spending on healthcare in retirement.



Health Status

How healthy you are heading into retirement, as well as your family history, will determine how much you'll expect to spend on healthcare. If you answer Yes to any of the following questions, you should plan to spend more of your retirement income on healthcare.



Are you a smoker?

*Do you visit the doctor often
(at least 10 times a year)?*

*Do you have 2 or more chronic
health conditions?*

Medicare Choices

At age 65, you generally will become eligible for Medicare. Costs vary based on the coverage you select, so review the available plans carefully and select the one that's right for you. Luckily, you don't have to make these decisions alone.

Alight Retiree Health Solutions can assist you and/or your post-65 spouse in evaluating Medicare supplemental coverage and enrolling in a plan, if desired. Learn more about Medicare and the resources available to you under *Retiree health* in the YOUR BENEFITS section on retirement.fedex.com/retiring-from-fedex.

Medicare Options

Step 1. *Decide how you want to get coverage.*

Traditional Medicare		Medicare Advantage
Part A Hospital Insurance	Part B Medical Insurance	Combines Part A, Part B, and usually Part D

Step 2. *Decide if you need to add drug coverage.*

Traditional Medicare	Medicare Advantage
Part D Prescription Drug Coverage	Part D Prescription Drug Coverage (if not already included in plan)

Step 3. *Decide if you need to add supplemental coverage.*

Traditional Medicare	Medicare Advantage
Medigap (Medicare Supplement Insurance policy)	N/A (If you join a Medicare Advantage Plan, you cannot be sold a Medigap policy.)



Retirement Age

If you retire before age 65, you'll need to cover your own health insurance until Medicare is available to you. There are a few different scenarios to consider:

- If your spouse is currently employed and has an employer-sponsored plan, you could stay on their insurance.
- COBRA coverage could also allow you to continue your own benefits for up to 18 months after retirement if certain qualifying events occur that would result in the loss of any healthcare benefits in which you were participating at the time of the qualifying event.
- You can shop for coverage on either private or public exchanges.

The requirements for and costs associated with all of these options vary. If you plan to retire early, spend some time researching to find the option right for you.



Location

Where you live can translate to higher or lower average costs of healthcare. While the costs for traditional Medicare coverage is fixed, no matter where you retire, the following costs can vary from state to state.



- **Medigap coverage**
- **Prescription coverage**
- **Supplemental plans**
- **Private insurance**

Income in Retirement

If you plan to continue working after enrolling in Medicare or you receive a substantial income from your retirement savings, you'll pay higher premiums for Medicare. But the income levels you'd need to reach are high:

\$91,000

total income for an individual

\$182,000

total income for a married couple



Managing your healthcare costs in retirement can feel daunting. Don't go it alone.

For more information about retiree health, go to **retirement.fedex.com/retiring-from-fedex** and click YOUR BENEFITS.