

Vanguard

Health care and your retirement



Agenda



Planning for pre- and post-retirement health care costs



Medicare at a glance



How your income affects Medicare



Long-term care cost considerations

Health care during retirement



Traditional health care costs

Doctor care
Prescriptions
Dental care
Vision care
Hearing aids



Long-term care

Adult day care
Assisted living
Homemaker assistance
Home health aide care
Nursing home care



Medicare eligibility

Know the important dates

- Enroll starting three months prior to turning age 65.
- Can you delay signing up for Medicare at age 65?
- What is a special enrollment period?

Retiring early

Bridging the gap to Medicare eligibility

- Former employer retiree health benefits
- Spouse's health plan
- COBRA
- ACA Marketplace plan
- Direct private insurance



Medicare at a glance

Medicare options

PLAN	Part A	Part B	Part D	Medigap	<u>OR</u>	Part C
COVERS	Hospital coverage	Medical coverage	Prescription drug coverage	Out-of-pocket costs, such as co-insurance and deductibles.		Hospital & physician costs.
THE BASICS	Part of Original Medicare run by the U.S. government.	Part of Original Medicare run by the U.S. government.	Can be added to Original Medicare (A+B) .	Can be added to original Medicare (A+B) offered by private insurance companies.		Also known as Medicare Advantage offered by private insurance companies.
YOU SHOULD KNOW	It's free at 65 if you or your spouse have worked (and paid taxes) for 10 years.	It's not free. Monthly premiums are set annually. You also may have co-insurance.	Costs will vary depending on the plan you choose and prescriptions you need.	You can get Medigap later, but you might pay more.		Plans set an annual limit on out-of-pocket costs. They typically have provider networks and may include extras such as dental, visions, or gym memberships.

Cannot have Medigap and Medicare Part C

Source: For a more complete description of what is and is not covered under original Medicare, see *Medicare & You*, available at <https://www.medicare.gov/medicare-and-you>.

Medicare options

(continued)

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Medigap plans and what they cover

Benefits	A	B	C*	D	F*	G	K	L	M	N
Part A coinsurance & hospital costs Days 61-90 \$419 Days 91-150 \$838	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B co-pays/coinsurance 20% of outpatient health care costs	✓	✓	✓	✓	✓	✓	50%	75%	✓	\$20 doctor visits/\$50ER
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice Costs for drugs and respite care	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility daily co-insurance \$209.50 for days 21-100	✗	✗	✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible \$1,676 per 60-day benefit period	✗	✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible \$257 for entire calendar year	✗	✗	✓	✗	✓	✗	✗	✗	✗	✗
Part B excess charges Doctor bill 15% above Medicare charge	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗
Foreign travel emergency 80% emergency care capped at \$50K	✗	✗	80%	80%	80%	80%	✗	✗	80%	80%
							\$7,220	\$3,610		

✓ Plan covers 100%
 ✗ Plan doesn't cover
 % = Amount the plan covers

Out-of-pocket limit in 2025

Source: Vanguard, based on a table available at <https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies>.

*Plans C and F are closed to new enrollees eligible for Medicare after Jan 1, 2020. Plans G and F also offer a high-deductible version with lower premiums and a max deductible of \$2,870 in 2025.

Medicare options

(continued)

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Health care expenses in retirement

2025 estimated annual Medicare premiums

Part A annual premium	\$0*
Part B annual premium	\$2,220
Part D average annual premium	\$558
Medigap Plan G annual premiums have a wide range of costs	\$1,200-\$6,000

Annual costs (including out of pocket):

\$4,800-\$9,500/person or more (\$9,600-\$19,000/couple)

A 65 year-old non-smoking woman in Texas (zip code 75001) could spend \$108 per month for Medigap Plan G, but that same woman in New York (zip code 10012) could pay \$298.

Work with your financial advisor to plan for your unique individual health care costs.

Source: Medicare.gov. Premiums are rounded up for simplicity

*Part A premiums can be up to \$518 per month in 2025 if you have fewer than 40 quarters of paying into Medicare or certain persons with disabilities.

How your income affects your Medicare costs

Income-Related Monthly Adjustment Amount (IRMAA)

2025 estimated annual Medicare premiums (determined by income from your 2023 tax return)

MAGI		Medicare premiums	
Individual	Joint	Part B monthly premium	Part D monthly premium
Less than or equal to \$106,000	Less than or equal to \$212,000	\$185.00	Plan premium (PP)
Above \$106,000 up to \$133,000	Above \$212,000 up to \$266,000	\$259.00	PP + \$13.70
Above \$133,000 up to \$167,000	Above \$266,000 up to \$334,000	\$370.00	PP + \$35.30
Above \$167,000 up to \$200,000	Above \$334,000 up to \$400,000	\$480.90	PP + \$57.00
Above \$200,000 but less than \$500,000	Above \$400,000 but less than \$750,000	\$591.90	PP + \$78.60
\$500,000 and above	\$750,000 and above	\$628.90	PP + \$85.80

Source: <https://www.cms.gov/newsroom/fact-sheets/2025-medicare-parts-b-premiums-and-deductibles>.

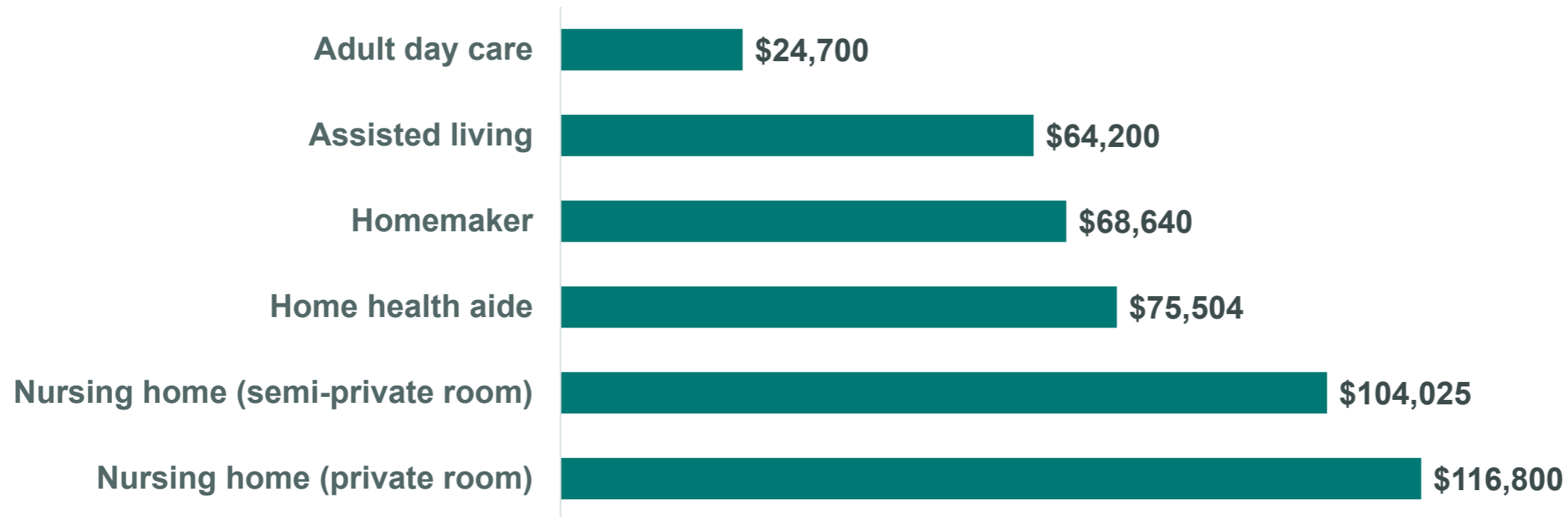
Note: See IRMAA Life Changing Event Appeals Form SSA-44 to appeal these surcharges

Long-term care costs

Preparing for long-term care expenses: Long-term care is the biggest expense that Medicare doesn't cover

The cost of paid long-term differs by service used

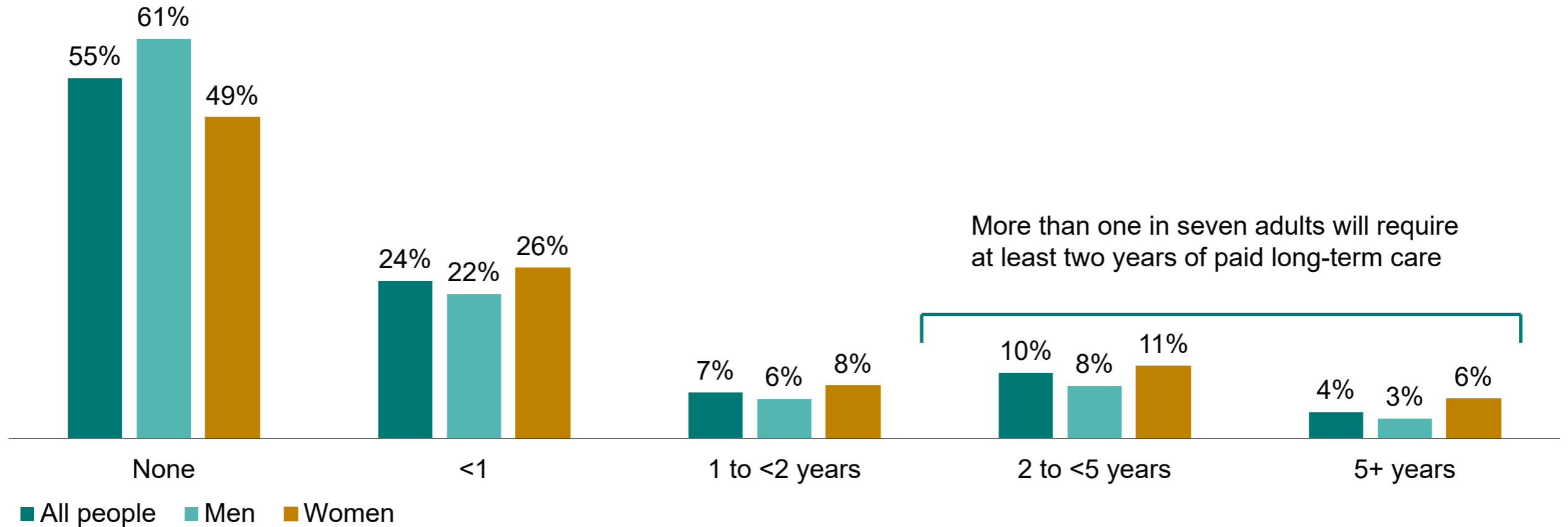
National median costs for long-term care by type, 2023



Source: Genworth Cost of Care Survey 2023, Genworth Financial, Inc.

About half of people will have no paid long-term care

Projected use of paid LTC for people turning age 65 between 2021 and 2025

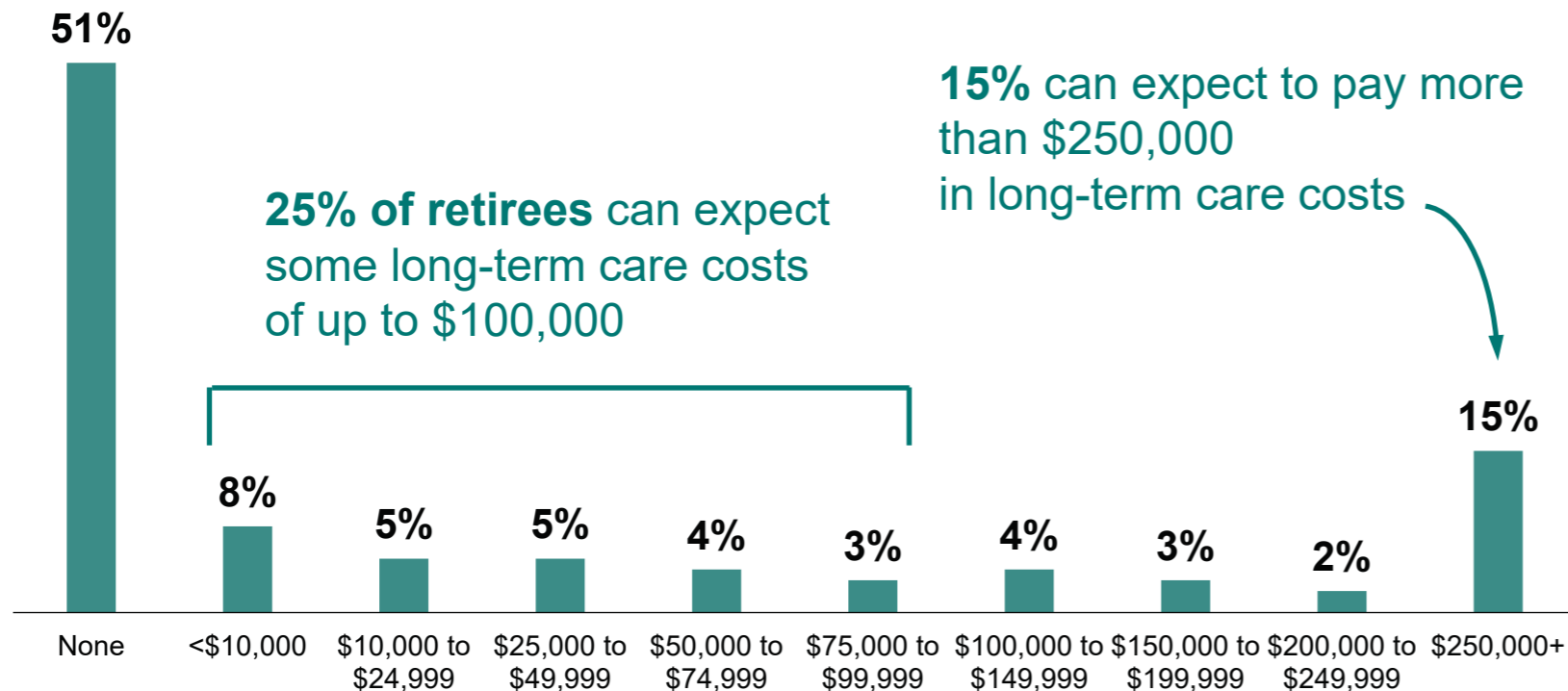


Source: U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation (ASPE) Issue Brief *Long-term Services and Supports for Older Americans: Risks and Financing*, August 2022, Table 2.

Long-term care expenses: Save for them or insure against them

Percentage of retirees by expected long-term care costs

For people turning age 65 between 2021 and 2025



Consider your payment options

Remember, Medicare pays for only 100 days in a skilled nursing facility. To cover additional days, you might:

- Set aside special savings
- Use existing brokerage funds
- Purchase long-term care insurance
- Purchase life insurance with a long-term care rider

As always, your advisor will help you determine what is suitable and consider any possible tax consequences.

Source: U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation (ASPE) Issue Brief *Long-term Services and Supports for Older Americans: Risks and Financing*, August 2022, Table 7.

Action items

- ✓ Review your income, insurance, and healthcare with your advisor annually
- ✓ Take advantage of pricing plans during Medicare's open enrollment period 10/15-12/7
- ✓ Periodically review your health care directives
- ✓ Work with your advisor to discuss savings strategies for health care costs, including long-term care



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