



# **GUIDE YOUR CLIENTS TO PLAN FOR RETIREMENT HEALTH CARE COSTS**

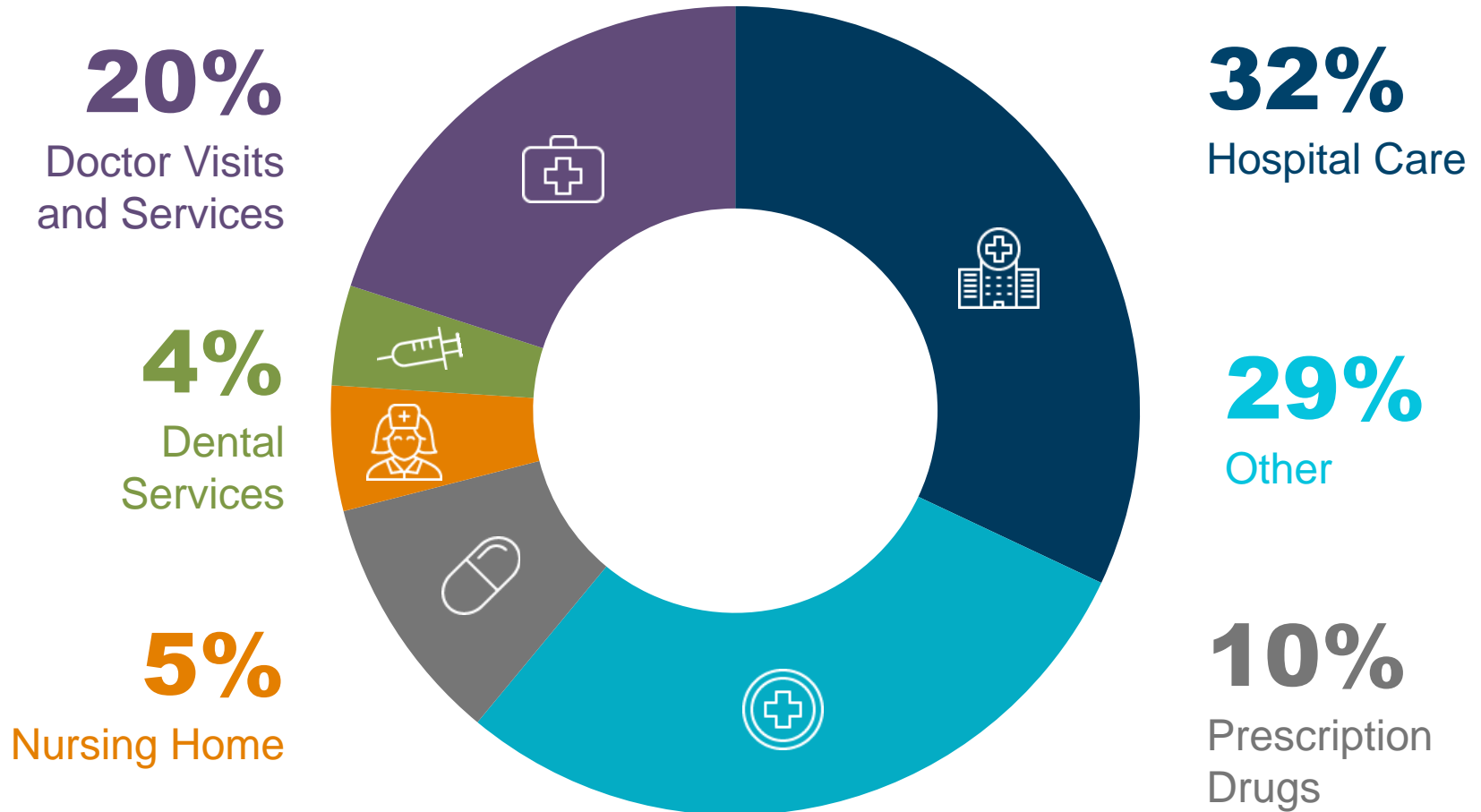
# How the Health Care Dollar Is Spent

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PREPARE YOUR CLIENTS

GUIDE YOUR CLIENTS



Source: Centers for Medicare and Medicaid Services, National Health Expenditures 2014 Highlights Report

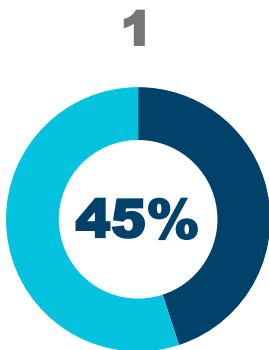
# Top Five Fears About Retirement

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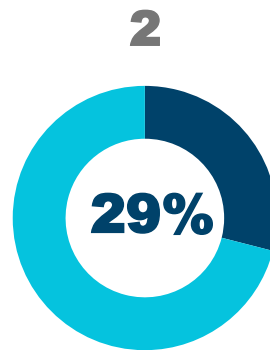
EDUCATE YOUR CLIENTS

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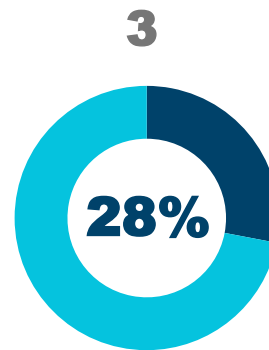
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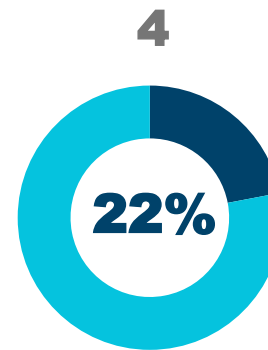
Running out of money



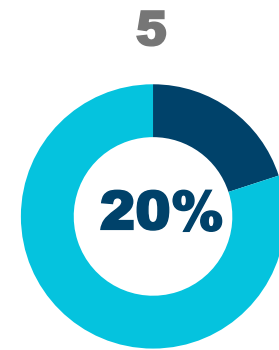
Health issues



Health care costs



Not being able to maintain standard of living



Not being able to meet monthly expenses

Source: 2016 PWC Employee Financial Wellness Survey

PWC's Employee Financial Wellness Survey tracks the financial and retirement well-being of working U.S. adults nationwide. This year it incorporates the views of over 1,600 full-time employed adults representative of the U.S. population by age and gender. The margin of error is +/- 3%. Survey participants are these ages in 2016: 21 to 34 (Millennials\*), 35 to 55 (Gen X) and 56 to 73 (Baby Boomers).

# Medicare Does Not Cover All Retirement Health Care Costs

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## WHAT MEDICARE COVERS



Inpatient hospital costs



Surgeries



Doctor visits



Lab tests



Preventive screenings



Equipment, such as wheelchairs

## WHAT MEDICARE DOES NOT COVER



Hearing aids



Most vision care



Most dental care



Personal aid services to help you stay in your home

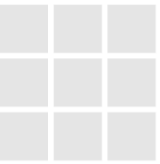


Most nursing home and other long-term care



Assisted living

Medicare is representative of Part A and Part B coverage.  
Source: Medicare.gov 2017



# Health Care Costs in Retirement Fall Into Two Categories

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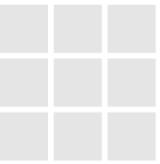
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## 1 THE Predictable

## 2 THE Unpredictable



# The Predictable Costs

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**To cover Medicare, Americans over age 65 will have monthly premiums between \$134/month and \$559/month, depending on their income and choice of coverage.**

Source: Medicare.gov. 2017 rates for Part B are based on 2015 income.

# The Predictable Costs

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## MEDICARE PART B AND PART D INCOME-ADJUSTED MONTHLY COSTS

Individual Income	Joint Income	Part B	Part D
\$85k or less	\$170k or less	\$134.00	Premium (varies)
\$85k to \$107k	\$170k to \$214k	\$187.50 (40%)	Premium + \$13.30
\$107k to \$160k	\$214k to \$320k	\$267.90 (100%)	Premium + \$34.20
\$160k to \$214k	\$320k to \$428k	\$348.30 (160%)	Premium + \$55.20
Above \$214k	Above \$428k	\$428.60 (220%)	Premium + \$76.20

Part D Premium = \$53.17\*

Source: Medicare.gov. 2017 rates based on 2015 income.

\* Source: Jester Financial Technologies, based on average national monthly premium.

# The Predictable: Medicare and Medigap

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## MONTHLY BUDGET FOR HEALTH CARE IN RETIREMENT IN 2017



- Medicare costs for those in the lowest income bracket
- Part B and Part D
- Non-Medicare incurred costs
- Medigap Plan F
- Combined total

Sources: Medicare.gov, Jester Financial Technologies. Assumes person (or couple) has less than \$85,000 (or \$170,000) in annual income and has average national monthly Medicare Part D coverage.





# The Predictable: Medicare and Medigap

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## POTENTIAL TOTAL ANNUAL INDIVIDUAL HEALTH CARE COSTS IN 2017

**\$4,656**

not including nursing home, out-of-pocket prescription drugs, copays, assisted living, or most home care costs.

Sources: Medicare.gov, Jester Financial Technologies. Assumes person (or couple) has less than \$85,000 (or \$170,000) in annual income and has average national monthly Medicare Part D coverage.

# Retiree Who Earned \$75,000 on Average While Working

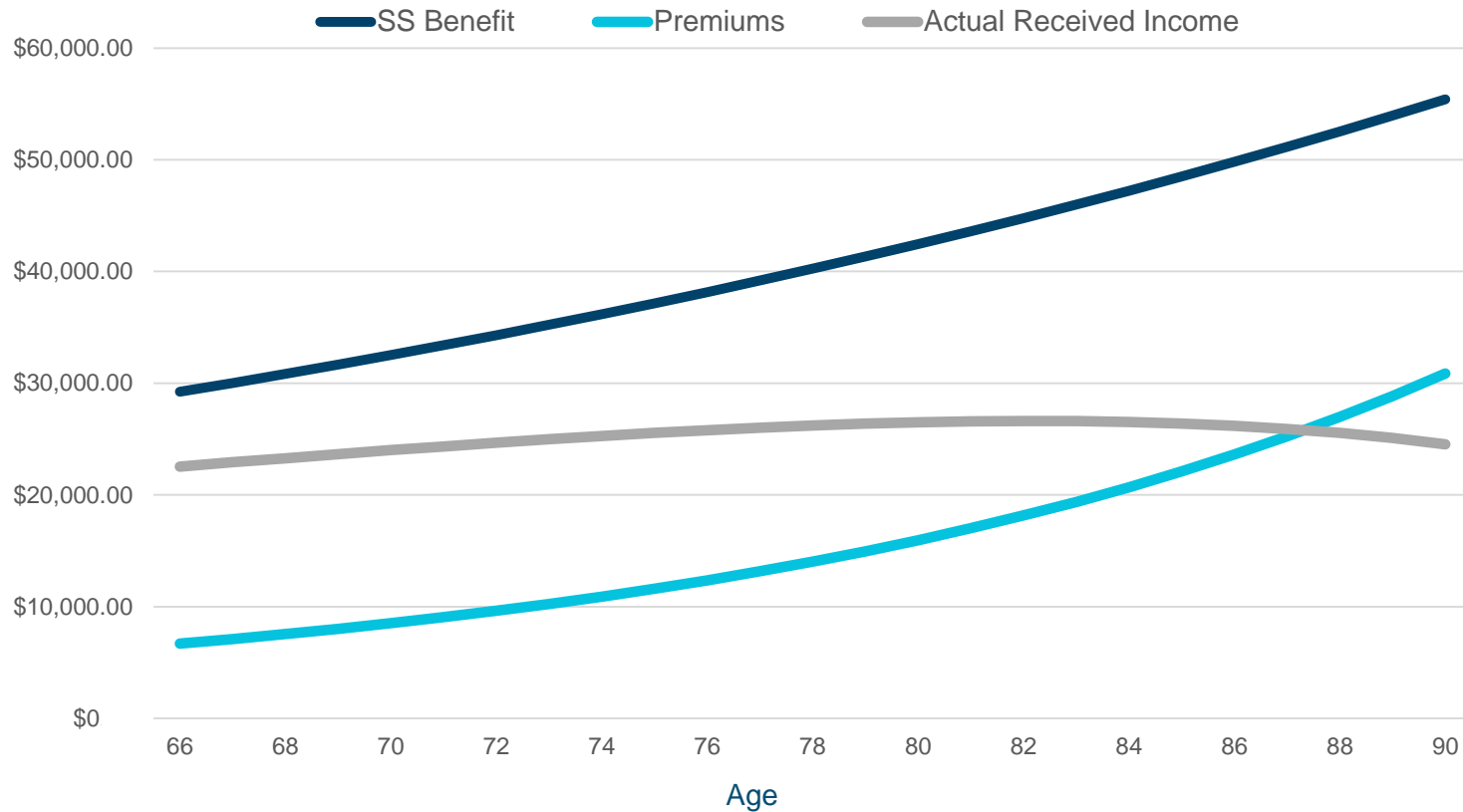
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## 60 YR-OLD RETIRING AT AGE 66



Source: Jester Financial Technologies

# At Current Medicare Maximum Income\*

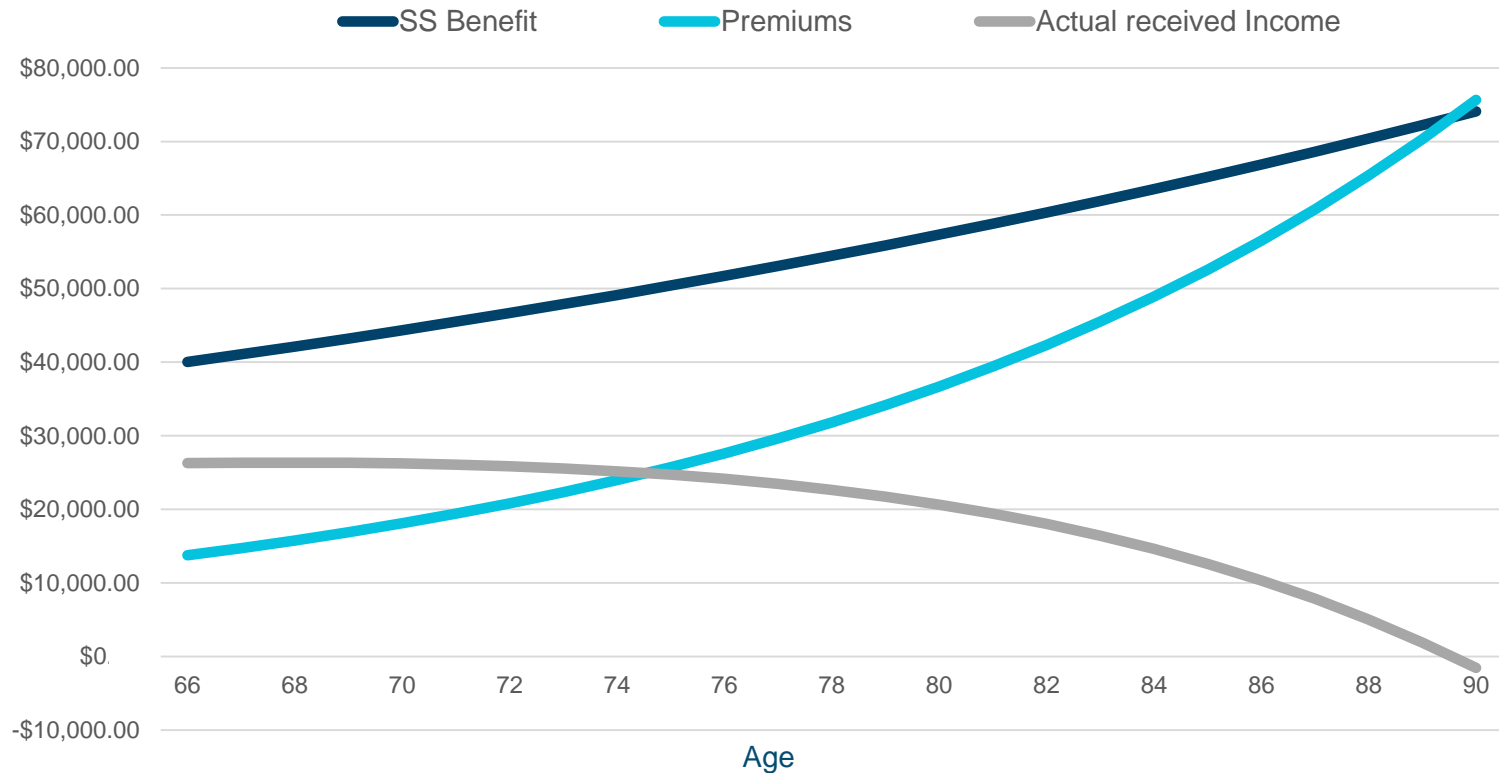
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## 60 YR-OLD RETIRING AT AGE 66



\* Maximum income based on Medicare IRMAA current brackets, assumes individual annual income of more than \$214,000 (\$428,000 for couple)

Source: Jester Financial Technologies

# Help Clients Plan to Fund Health Care: Consider an Annuity Solution

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## PLANNING

Plan for predictable health care costs

**CONSIDER AN ANNUITY SOLUTION TO PLAN FOR:**  
Future Medicare premiums

**\$150,000**

Initial investment in variable annuity

Accumulates tax-deferred for **10 years** at **3%** net growth rate for a total of **\$201,587.46**

Guaranteed Lifetime Withdrawal Benefit (GLWB) of **5%**

**\$10,079.37**

Annual payout when client turns on income payments

Age 55

Age 60

Age 65

Variable annuities are long-term investment vehicles designed for retirement purposes. They contain underlying investment portfolios that are subject to investment risk, including possible loss of principal. Like most investments, variable annuities include certain fees and expenses, such as administrative fees, sales charges, and mortality risk expense charges. Withdrawing taxable amounts are subject to ordinary income tax and if made before age 59½, it may be subject to a 10% IRS penalty. Withdrawals may reduce the benefits and contract value and may be subject to withdrawal charges. Annuity benefits and features vary, so you should carefully consider if the products is right for you. Some benefits may incur additional costs. Any guarantee associated with an annuity is subject to the claims-paying ability of the issuing life insurance company.

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This chart is for illustrative purposes only and is not intended to represent the performance of any specific investment. Results are shown gross of applicable annuity fees and expenses and would have been lower if such fees and expenses had been deducted. This illustration does not reflect taxes that may be due at the end of the investment period or after an early withdrawal. There are risks associated with investing, including the risk of loss not reflected in this illustration.

Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Changes in tax rates and the tax treatment of investment earnings may impact comparative results. You should consider your personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision since these factors may further impact the results of the comparison.

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