



May 2010

**Ask a trust officer:
Retiree health care expenses**

DEAR TRUST OFFICER:

How much should I budget for medical expenses in retirement? Won't Medicare cover most of this expense? —LOOKING TOWARD RETIREMENT

DEAR LOOKING:

Medical expenses are more significant in retirement than you might think. In a survey done by Fidelity Investments of 376 married couples age 65 and up, insurance premiums and out-of-pocket medical costs were the second-largest monthly expense, higher than housing expense and behind only food. Nearly half said that they are paying more for medical costs in retirement than they expected.

The Center for Retirement Research at Boston College has pegged the average total medical expense in retirement, paid out of pocket, for a couple now age 65 to be \$197,000. That's a "present value" figure, meaning it has been discounted by a factor to account for the length of the retirement. The number is only an average, however. Half of all couples will experience higher expenses, half lower.

As vital as Medicare's role is for most retirees, it is only part of the story for meeting medical costs in retirement.

Do you have a question concerning wealth management or trusts? Send your inquiry to dave.fisher@bankibt.com.

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