



Welcome to our seminar on how health can affect your wealth in retirement. We're glad that you could join us here today.

Before we get started, I'd like to introduce myself and my company.

[Note to presenter: Give a brief personal background, then talk about your organization and give its location. If appropriate, introduce other members of your organization who are in the room and discuss any housekeeping issues.]

Our Commitment

- Provide sound financial information
- Help you identify goals
- Offer complimentary, no-obligation consultation

The information provided in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. Individuals are encouraged to seek guidance from an independent tax or legal professional.

We use seminars like this one to introduce ourselves and to develop strong working relationships with members of the community like you.

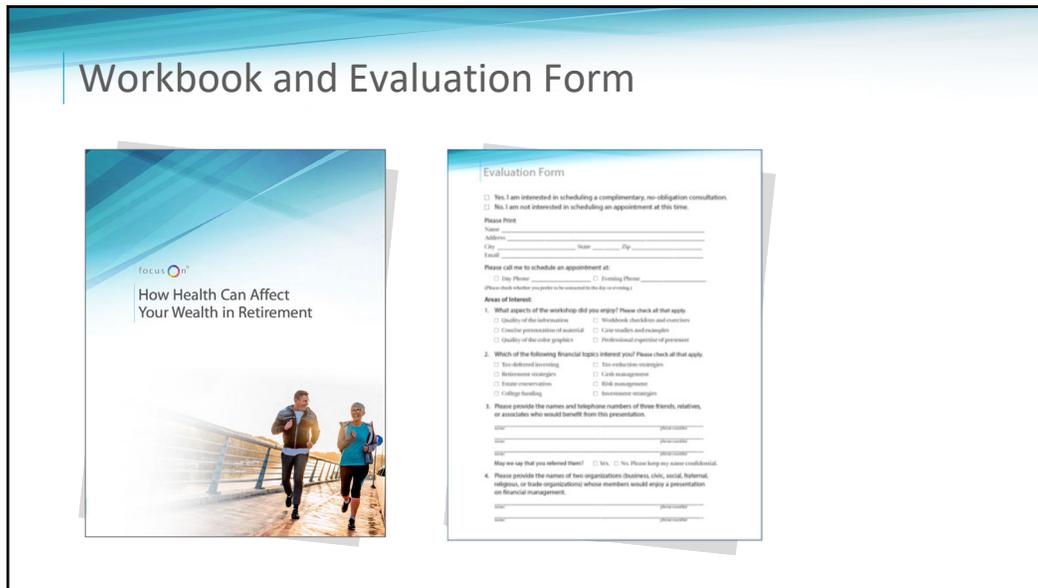
Our commitment extends beyond simply offering financial services. We are committed to helping you evaluate your financial situation and giving you tools to help make informed decisions and pursue your financial goals.

We hope that after attending the seminar, you'll want to meet with us in our office. This is a complimentary, no-obligation consultation that we offer to everyone who attends our seminars. During that meeting, we can discuss any questions you have as a result of what we discuss here. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you* are confident that we can be of service. We want you to understand your options and to know how you may benefit from working with us.

The information in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional based on your individual circumstances.

Workbook and Evaluation Form



Let's talk about the workbook you received as you entered.

We've found that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. In it you'll find helpful materials that reinforce the seminar's major points and will be a valuable resource for you.

Feel free to highlight, underline, or make notes in whatever way serves you best.

Inside your workbook, you'll find an evaluation form just like this one.

[Note to presenter: Pull out an evaluation form for your seminar participants to see.]

At the end of the presentation, please use this form to tell us whether you're interested in taking advantage of the complimentary consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after the seminar.

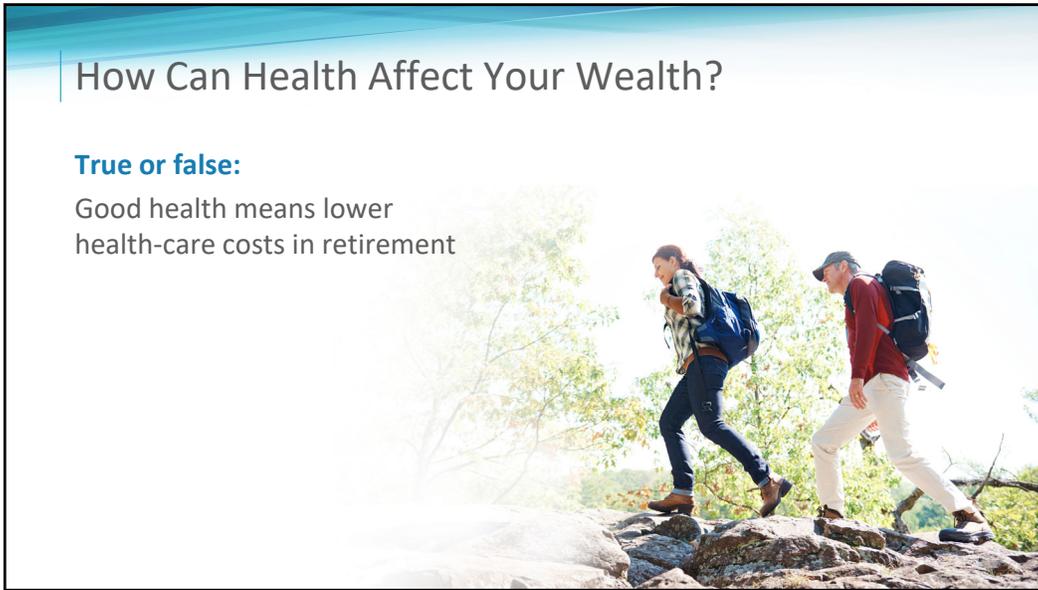
In exchange for these two promises to you, please promise that you will fill out this form. Many seminar attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. We are very interested in developing working relationships with you, but that decision is yours.

How Can Health Affect Your Wealth?

True or false:

Good health means lower health-care costs in retirement



Now let's get to the reason we're all here today — to discuss how your health can affect your wealth in retirement.

Let's start with a few questions to help get us in gear.

By a show of hands, who believes the following statement is true or false:

<CLICK> Good health means lower health-care costs in retirement.

True?

False?

If you said “false,” you're likely right. Good health generally does mean fewer trips to the doctor and fewer treatments and medications to pay for in your early retirement years — but it can also lead to a much longer retirement, which results in additional years to fund all your living expenses, including health care.

So good health does not necessarily mean lower health-care costs in retirement.

How Can Health Affect Your Wealth?

True or false:

Medicare will cover all your health-care expenses in retirement



OK, let's try another one. True or false:

<CLICK> Medicare will cover all your health-care expenses in retirement.

By a show of hands,

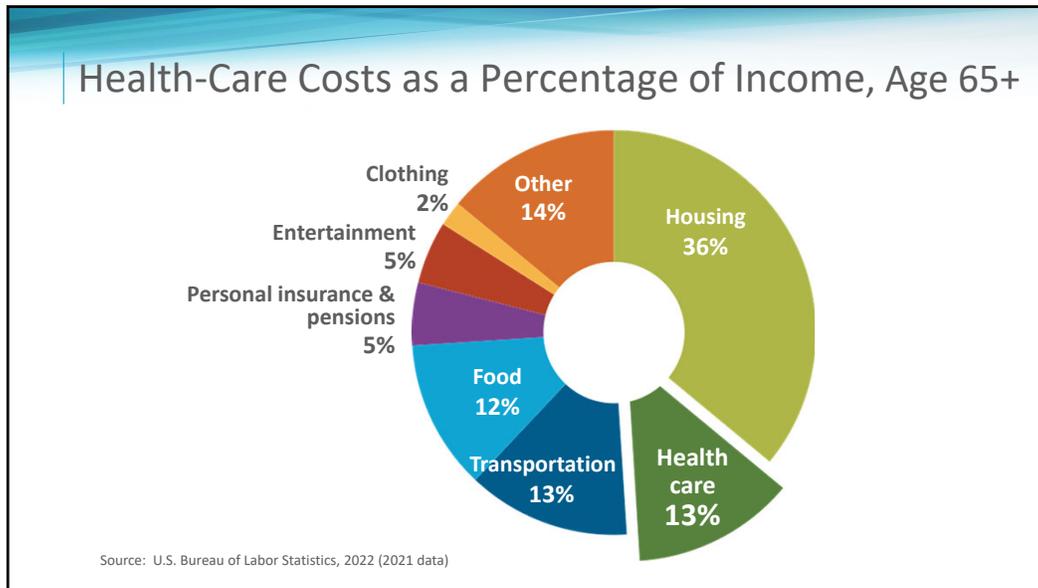
True?

False?

PREVIEW

Unfortunately, this is false as well. Although Medicare will likely be your primary resource to help pay for health care, you will still have to pay for premiums, copays, and deductibles, as well as such items as eyeglasses, hearing aids, and dental care, which Medicare does not cover.

We'll take a closer look at Medicare later in this presentation.



Consider this pie chart, which shows the percentage of spending by consumers age 65 and older relative to after-tax income. The data comes from the Survey of Consumer Expenditures published by the Bureau of Labor Statistics in 2022. The spending data is from 2021.

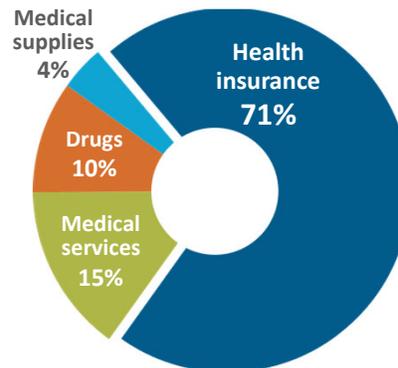
Health care was tied with transportation as the second-highest expense category behind housing.

Source: U.S. Bureau of Labor Statistics, 2022 (2021 data)

Average Health-Care Expenditures, Age 65+

Total expenditures: \$7,030

- Health insurance: \$4,974
- Medical services: \$1,077
- Drugs: \$726
- Medical supplies: \$253



Source: U.S. Bureau of Labor Statistics, 2022 (2021 data)

This slide breaks down that 13 percent health-care segment even further. According to the BLS survey, Americans age 65 and older spent an average of \$7,030 on health-care expenses in 2021. The vast majority of that figure went to paying costs associated with health insurance (including Medicare).

Source: U.S. Bureau of Labor Statistics, 2022 (2021 data)

PREVIEW

How Can Health Affect Your Wealth?

Have you tried to calculate how much you might need to cover your health-care expenses in retirement?

- Less than 50% of those age 55 and older have tried to figure it out

Source: Employee Benefit Research Institute, 2022



Next question: How many people do you think have tried to calculate how much they might need in total to cover health-care costs?

Raise your hands if you have done so.

If you haven't, don't worry — you're not alone.

<CLICK> Less than 50 percent of people age 55 and older have tried to figure out how much they might need to cover out-of-pocket health-care costs in retirement. For those ages 45 to 54, the percentage is less than 40%.

Source: Employee Benefit Research Institute, 2022

How Much Will You Spend on Health Care?



Even if you haven't yet performed the calculation, I'm going to ask you to take a guess.

How much do you think you'll spend on health care, out of your own pocket, over the course of your retirement? By a show of hands:

- More than \$50,000?
- More than \$150,000?
- More than \$250,000?

Estimated Costs of Health Care During Retirement

- A 65-year-old couple in fairly good health who retired in 2021 may need about **\$296,000** to cover their Medicare, Medigap, and out-of-pocket prescription drug expenses in retirement

Source: Employee Benefit Research Institute, 2022



If you answered more than \$250,000, you're in the right ballpark, depending on your health and gender.

According to the Employee Benefit Research Institute, a 65-year-old couple in fairly good health who retired in 2021 may need about \$296,000 to have a good chance of covering their Medicare and Medigap premiums and out-of-pocket prescription drug costs in retirement.*

In your workbook on page 4, you'll find a table with estimates of how much you might need based on your current age, an assumed rate of return during retirement (which cannot be guaranteed), and a retirement age of 65. Keep in mind that these examples are based on a number of hypothetical assumptions and are used for illustrative purposes only.

And note that these estimates are for total health-care costs spread across the entirety of your retirement. So if you believe there's no way you can accumulate the amounts prior to retirement, don't panic. That's why we're here today.

The key point is that the health-related expenses you will face could consume a sizable chunk of both your income and assets in retirement.

*Estimate based on savings needed to cover premiums for Medicare Part B and Part D, the Part B deductible, premiums for Medigap Plan G, and median out-of-pocket prescription drug expenses.

Source: Employee Benefit Research Institute, 2022

Today's Goal

- **Examine Five Factors That Can Affect Health-Care Costs**
- Review the Primary Resources Available
- Identify Steps You Can Take to Manage Out-of-Pocket Costs

So our goal today is threefold:

- To examine five factors that can affect health-care costs in retirement
- To review the primary resources available for managing those costs
- And to identify steps you can take to help manage out-of-pocket costs

Let's start with the first one: identifying some of the factors that can affect your health-care costs in retirement.