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Planning for Health Care in Retirement

Regardless of how healthy you are, health care and retirement is a major expense that requires preparation and planning. Many people assume Medicare will cover all their health care needs after age 65, but the truth is, Medicare won't cover everything. You may still have out of pocket expenses like premiums, spending, and deductibles, and Medicare won't cover long term care like assisted living facilities.

The good news is there are ways to fill the gaps, with Medicare Supplement Insurance, a Medicare Advantage Plan, a health savings account, or long-term care insurance. Let's look at each option.

Medicare Supplement Insurance Plans, also known as Medigap, are offered by private insurance companies to help cover some of the costs that traditional Medicare doesn't. Another option is a Medicare Advantage plan. These are also available through private insurance companies and provide an alternative way to receive your Medicare benefits.

Medicare Advantage plans provide all the benefits of traditional Medicare and often include additional benefits such as vision, dental, and hearing. Some plans also offer prescription drug coverage. To enroll in a Medicare Advantage plan, you must have both Medicare Part A and Part B and live in the service area of the plan you're interested in.

Note that you cannot have both a Medicare Supplement Insurance plan and a Medicare Advantage plan at the same time. Now let's look at health savings accounts. An HSA is a savings account that lets you set aside pre tax dollars to pay for qualified medical expenses such as deductibles, copayments, and coinsurance.

An HSA can be a wonderful way to save money on health care costs while also enjoying some significant tax benefits. But there are some specific rules for who can open and contribute to one. For instance, you must have a qualifying high

deductible health plan, you cannot be covered by any other medical plan, and cannot yet be enrolled in Medicare.

Here are a few more options for health care coverage in retirement. If you retire before age 65 and your employer has 20 or more employees, you may be eligible for COBRA continuation coverage, which allows you to continue your employer sponsored health insurance plan for up to 18 months, or longer in some cases, after leaving your job.

Some employers also offer retiree health benefits. These may include coverage for medical expenses such as doctor visits, prescription drugs, and hospital stays. You can also purchase private health insurance, but these plans typically have higher premiums than Medicare or employer sponsored plans. To help you navigate the complexities of Medicare, note that you can get the assistance of a professional Medicare agent or broker at no cost to you.

A final option is long term care insurance. This is specifically designed to pay for long term health care in settings like nursing homes or in your own home. Long term care insurance is usually expensive, but can help to limit the impact of a major medical event or condition. To find what's right for you, consider working with an insurance professional who can help you compare multiple insurers and policies.

No matter which health care options you choose, what's key is to make sure you have a plan and are accounting for the full cost of health care in retirement, so that you can enjoy this time in your life to the fullest.

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