



FOR IMMEDIATE RELEASE

Follow us on Twitter [@FidelityNews](#)
Visit [About Fidelity](#) and our online [newsroom](#)
[Subscribe](#) to email alerts for news from Fidelity

Fidelity Media Relations

Deanna Spaulding
(617) 563-8359

FidelityMediaRelations@fmr.com

deanna.spaulding@fmr.com

FIDELITY® RELEASES 2023 RETIREE HEALTH CARE COST ESTIMATE: FOR THE FIRST TIME IN NEARLY A DECADE, RETIREES SEE RELIEF AS ESTIMATE STAYS FLAT YEAR-OVER-YEAR

Recently Enacted Medicare Part D Protections on Prescription Drug Costs Moderate What Retirees May Pay for Health Care in the Future

A 65-Year-Old Retiring Today Could Spend \$157,500 on Health Care, even with Medicare Coverage

BOSTON, June 21, 2023 – Fidelity Investments® today shared its 22nd annual Retiree Health Care Cost Estimate, revealing that a 65-year-old retiring this year can expect to spend an average of \$157,500 in health care and medical expenses throughout retirement¹. Fidelity’s 2023 estimate remains the same as last year¹, due to expected limits to retiree out of pocket costs for prescription drugs starting in 2025. This is the first time in nearly a decade that the anticipated health care costs for retirees have stayed flat year-over-year. The estimate assumes retirees are enrolled in traditional Medicare, which between Medicare Part A and Part B covers expenses such as hospital stays, doctor visits and services, physical therapy, lab tests and more, and in Medicare Part D, which covers prescription drugs.

“While this year’s estimate offers a welcome reprieve from a decade of increasing health care costs, retirees are still expected to cover significant costs above and beyond what Medicare covers,” said Hope Manion, senior vice president and chief actuary, Fidelity Workplace Consulting. “Understanding what your health care costs may be in the future is an essential part of the retirement planning process.”

With the nation’s share of solo households doubling since 1960², Fidelity this year shifted its annual estimate to focus on individual retirees. The 2023 estimate is flat from 2022 (\$157,500 for a single retiree, or \$315,000 for a couple), and has nearly doubled from the \$80,000 for a single retiree estimated in 2002.

¹ Methodology updated in 2023 to take the average for a single retiree

² Source: [Fidelity Center for Applied Technology](#) (FCAT) analysis of U.S. Census data

2023 Fidelity Retiree Health Care Cost Estimate

“Our analysis finds that limits on how much retirees can spend on prescriptions covered by Medicare Part D from the Inflation Reduction Act are likely to temporarily offset the overall inflationary trend of health care costs for retirees,” said Manion. “Even so, those planning for retirement need to build a plan that incorporates the still-high cost of health care and the medical and drug expenses not covered by Medicare.”

Research has shown many Americans consistently underestimate just how much they may spend on health care in retirement; in fact, a 2022 survey found they expect a couple to spend just \$41,000 on health care once they retire, far below Fidelity’s estimate of \$157,500 for the average 65-year-old retiring this year.

To help Americans prepare to meet future health care costs, Fidelity offers resources:

- For those looking for a way to save for health care costs in retirement, a [health savings account](#) (HSA) allows eligible account holders with a high-deductible health plan (HDHP) to pay for qualified medical expenses in a tax-advantaged way, now through retirement. HSAs offer a “triple tax advantage³” meaning 1) contributions are tax-deductible, 2) account money can be spent tax-free for qualified medical expenses, and 3) any potential growth is tax-free.
- For those in or nearing retirement, the [Fidelity Medicare Services](#) team provides education, enrollment support and guidance to support customers who are evaluating and selecting Medicare coverage that meets their health and financial needs. This impartial guidance is now available to residents of 28 states and the District of Columbia, and was recently approved as meeting the [National Council on Aging’s Standards of Excellence](#).
- Educational articles on planning for health care costs are available on Fidelity.com: [3 healthy habits for health care savings accounts](#); [How to plan for rising health care costs](#); [6 Benefits of an HSA in Your 20s and 30s](#); and [5 ways HSAs can help your retirement](#).

About Fidelity Investments

Fidelity’s mission is to strengthen the financial well-being of our customers and deliver better outcomes for the clients and businesses we serve. With assets under administration of \$11.1 trillion, including discretionary assets of \$4.2 trillion as of March 31, 2023, we focus on meeting the unique needs of a diverse set of customers. Privately held for over 75 years, Fidelity employs over 70,000 associates who are focused on the long-term success of our customers. For

³ With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation.

2023 Fidelity Retiree Health Care Cost Estimate

more information about Fidelity Investments, visit <https://www.fidelity.com/about-fidelity/our-company>.

#

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Fidelity Medicare Services ® is operated by Fidelity Health Insurance Services, LLC ("FHIS"), and FMR LLC ("FMR") is the parent company of FHIS. Unless otherwise indicated, the information and items published in this document are provided by FHIS for informational purposes only and are not intended as tax, legal, or investment advice.

Fidelity Medicare Services ("FMS") and Fidelity Brokerage Services LLC ("FBS") are separate business entities. FMS is not a product or service of FBS. Other than certain demographic information such as name, address and date of birth, the information you provide to FMS or FBS will not be shared with the other entity. Therefore, if you want FBS to consider the information you have provided to FMS in your investment planning with FBS, you must separately provide that information to FBS.

FHIS earns a commission paid by the insurance company based on your enrollment in a health plan. FHIS agents and representatives are not compensated based on your enrollment in a health plan and do not receive commissions from third-party insurance companies.

Because the administration of an HSA is a taxpayer responsibility, you are strongly encouraged to consult your tax advisor before opening an HSA. You are also encouraged to review information available from the Internal Revenue Service (IRS) for taxpayers, which can be found on the IRS website at [irs.gov](https://www.irs.gov). You can find IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, and IRS Publication 502, Medical and Dental Expenses, online, or you can call the IRS to request a copy of each at 800.829.3676.

Fidelity Brokerage Services LLC, Member NYSE, SIPC
900 Salem Street, Smithfield, RI 02917

Fidelity Distributors Company, LLC
500 Salem Street, Smithfield, RI 02917

National Financial Services LLC, Member NYSE, SIPC,
245 Summer Street, Boston, MA 02110

1091652.1.0

©2023 FMR LLC. All rights reserved.

¹ Estimate based on a single person retiring in 2023, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, original Medicare. The calculation takes into account Medicare Part B base premiums and cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.