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FIDELITY INVESTMENTS® RELEASES 2024 RETIREE HEALTH CARE COST ESTIMATE AS AMERICANS SEEK CLARITY AROUND MEDICARE SELECTION

A 65-year-old retiring today could spend \$165,000 on health care in retirement.

50% of Americans approaching retirement¹ expect to feel overwhelmed or confused about selecting Medicare coverage.

Fidelity Medicare Services® offers impartial guidance to Americans in all 50 states.

BOSTON, August 8, 2024 – Fidelity Investments® today shared its 23rd annual Retiree Health Care Cost Estimate, revealing that a 65-year-old retiring this year can expect to spend an average of \$165,000 in health care and medical expenses throughout retirement². Fidelity's 2024 estimate is up nearly [5% over 2023](#) and has more than doubled from its inaugural estimate in 2002.

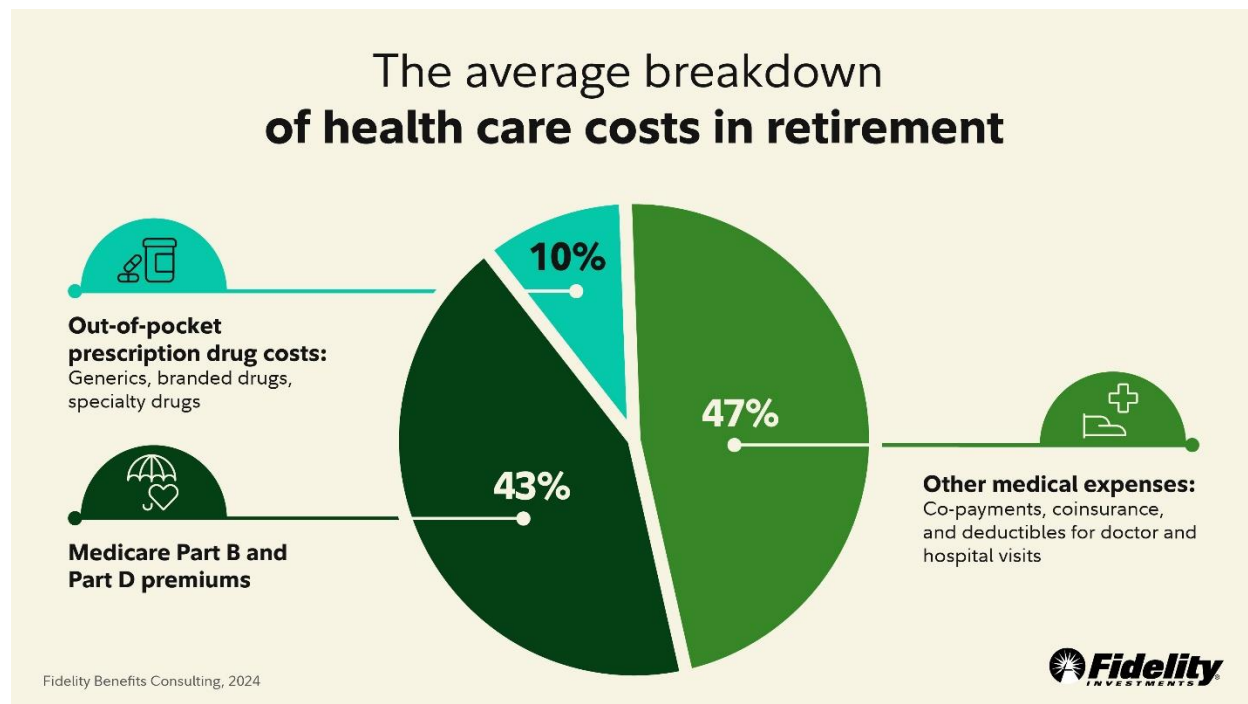
"Health care costs are among the most unpredictable expenses, especially when it comes to retirement planning," said Robert Kennedy, SVP, Workplace Consulting at Fidelity. "As we approach the fall open enrollment period for health care benefits, it's a great time for Americans to be proactive with their financial planning efforts. The best time to plan for those health care costs is long before they occur."

Designed to inform Americans about the importance of incorporating health care costs into retirement planning, this year's estimate continues the decades-long upward trend of health care costs. Despite this, there continues to be a disconnect for many Americans between the actual projected costs and how much they believe they will spend on health expenses in retirement. In fact, recent Fidelity research finds the average American estimates costs will be about \$75,000— less than half of Fidelity's calculation³.

"There is always opportunity to provide education around the cost of health care and the tools Americans have at their disposal to manage those expenses," said Kennedy. "For Americans approaching retirement, understanding Medicare options and how they fit into your plan is a good first step."

Fidelity's estimate assumes an individual is enrolled in traditional Medicare—both Part A and Part B—which covers most hospital care and doctor visits. However, things like Medicare

premiums, prescription drugs, dental and vision care, and all other health care costs that Medicare typically does not cover are left to retirees to manage on their own.



Planning for health care costs

Making a plan to cover health care costs in retirement can feel daunting, particularly as Americans balance competing priorities in day-to-day household budgets. There are a number of drivers behind this mounting retirement health care cost challenge—people are living longer, and health care inflation continues to outpace the rate of general inflation— so it's no surprise health care is creating a gap for many Americans. There are several simple steps investors can take to become better prepared for future costs while managing today's expenses, however, including exploring the utility of [health savings accounts \(HSAs\)](#), which give Americans enrolled in HSA-eligible health plans a tax-advantaged way to save for short- and long-term health expenses.⁴

Enrolling in Medicare: making the right choices can be more cloudy than clear

When it comes to selecting Medicare coverage, many Americans approaching retirement age¹ are concerned that it's easier said than done. In fact, 55% say it will be difficult to enroll in Medicare coverage, and half expect to feel overwhelmed or confused when selecting their plan.⁵

"As Americans wrestle with the impact of rising health care costs today, it's understandable that preparing for health care costs in retirement would be a top concern," said Harold Stankard, head of Fidelity Medicare Services®. "We've heard directly from our clients that

choosing health coverage in retirement is one of the most complex decisions they face. For those approaching Medicare eligibility, or even those already in retirement, understanding how the options available can support individual needs is an important step in simplifying a strategy.”

Despite the desire for greater clarity, the effort it takes to do the necessary research can be a challenge. Notably, while nearly two-thirds (63%) of older Americans¹ say they plan to review their Medicare options annually, Americans ages 75 and over are the least likely to review their coverage each year, despite shifting health conditions⁵.

Fidelity Medicare Services® helps Americans at any stage in their Medicare journey

Whether enrolling in Medicare for the first time or looking for coverage to better meet their needs, [Fidelity Medicare Services®](#) was introduced to provide clarity around Medicare with complimentary advice for Americans to help them support their health and financial goals.

As of July 22, 2024, Fidelity’s impartial guidance is available to residents of all 50 U.S. states and Washington, D.C. Fidelity Medicare Services® offers the following resources for Americans approaching retirement, and for those who are already retired:

- **Visit the online [learning center](#):** From Medicare basics to interactive tools and in-depth articles help guide the Medicare journey.
- **Work with a Fidelity licensed insurance agent:** For ongoing guidance and support, [schedule time to talk](#).
- **Compare options:** Browse and enroll in Medicare plans [online](#), which can help save valuable time when it comes to choosing the right plan for their needs.

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¹ Americans approaching retirement defined as ages 50-64

² This estimate is based on a single person retiring in 2024, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2021 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. This 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. This estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

³ Fidelity Health Solutions Thought Leadership Employer Health Benefits Blueprint, 2023

⁴ With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation.

⁵ This CARAVAN study presents the findings of a survey among a sample of 2,009 U.S. adults ages 50+. Interviewing was conducted on June 27-July 2, 2024 by Big Village, which is not affiliated with Fidelity Investments. The results may not be representative of all adults meeting the same criteria as those surveyed.