



Weekly Checkup

Couples Should Save \$400,000 for Health Care Costs After Retirement

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When planning for retirement, many people [underestimate](#) the amount of money they will need for health care in their last years of life. A recent [study from Fidelity](#) estimates that a typical couple retiring last year, both of whom were age 65, would need \$245,000 between the two of them to cover their health care costs after retirement, assuming average life expectancies. That figure excludes any costs for [long-term care](#), though, which can be very expensive. Approximately [9 percent](#) (3.4 million) of Medicare fee-for-service (FFS) beneficiaries use home health services in a given year. In 2014, 8.9 percent (\$7.4 billion) of [all home health care costs](#) in the U.S. were paid by individuals out-of-pocket. Many more people will spend time in a nursing home and/or assisted living facility, which is much more expensive, and typically not covered by Medicare. In 2014, \$155.6 billion was spent by all payers on nursing care facilities and continuing care retirement communities. While Medicare spent nearly [\\$17,000](#) on the average FFS beneficiary requiring such services in a given year, [26.5 percent](#) of the costs are paid by individuals out-of-pocket. Given that a person spends, on average, more than 2 years in an [assisted living](#) facility and nearly 2 years in a [nursing home](#), out-of-pocket costs for these types of services can total nearly \$69,000. Combined with the estimate from Fidelity, a couple should plan to spend \$383,355 on health care costs in retirement.

Average Expected Health Care Costs for a Couple After Retirement

