

EMPLOYEE ASSISTANCE PROGRAM

ACHIEVING YOUR RETIREMENT GOALS

Health care costs are often one of the largest expenses in retirement

Do you think about when you want to retire? Do you have a plan to achieve that goal? When you're in your twenties and thirties, retirement can seem like a long way off. It's all too easy to prioritize other expenses, but the earlier you start saving, the bigger the payoff with the magic of compounding interest.

Take advantage of any company-sponsored retirement plan for which you're eligible. If your employer offers a matching plan, for example, it's "free money" if you meet the match. If your percentage is automatically deducted from your pay, you won't miss it.

Health care costs are often one of the largest expenses in retirement. According to Fidelity's retiree health care cost estimate, the average couple age 65, retiring in 2021 will need \$300,000 in today's dollars to cover medical care during their retirement years. This figure includes Medicare co-pays, premiums and other out-of-pocket expenses. It does not include long-term care, which can easily run into thousands of dollars a month for assisted living or nursing home placement.

Here are tips to make saving easier:

- Make your retirement contributions an automatic deduction so you don't have to think about it.
- Educate yourself on Social Security and retirement planning and set a savings goal. Review your goal and your retirement account on a regular basis to stay motivated.
- When you get a raise, increase the percentage you contribute to your retirement plan. Remember that if you're contributing to a traditional 401(k) plan or 403(b) plan and your contributions are pre-tax, your take-home pay will not drop by the same amount you contribute. Online calculators can show what your take-home pay will be with pre-tax contributions.
- If you have a health savings account (HSA), consider increasing your contributions. Funds in your HSA can be used for tax-free spending on health care during retirement.

If you still think there's no way you can save for retirement, take a close, hard look at your budget and spending habits. Chances are there are some ways you can cut back and allocate money for retirement. Your future self will thank you!



Source: <https://www.fidelity.com/viewpoints/personal-finance/plan-for-rising-health-care-costs>