

## Planning for Health Care Costs

According to a BMO Wealth Institute report, Canadians spend on average \$5,391 in out of pocket medical expenses every year after the age of 65.

Now let's digest this thought for a minute.

First off, I thought all my medication costs were covered once I attained the rosy age of 65. Well, this is largely true. There are however annual deductibles and per transaction co-payments, as well as, some of the dispensing fee charges that we must pay. In addition, the drug prescribed must be on a list that the province maintains known as the Formulary list. If the drug is not on that list, it is not covered. Many oral cancer drugs are not on the list.

Secondly, out of pocket medical expenses includes items beyond drug expenses. The list is extensive, but may include massage therapy, eye glasses, walkers, wheel chairs etc. The bigger costs may arise when disability sets in as we age. Now, we may be requiring non-medical services that arise from daily living that are no longer manageable by ourselves.

Finally, the BMO report refers to "every year after the age 65." Perhaps this is the standard "age of the senior." However, the fact is many of the health insurance products that can alleviate the costs are most advantageous, or only available, before the age of 65. Private plans are available that mirror employee benefit plans, that pay for long term care or critical illness costs. Some of these plans include 100% catastrophic drug coverage for as little as \$40 per month.

In conclusion, stop and ask the question "where is the money going to come from," before you reach age 65. By factoring in rising health care costs into your retirement plan, we can have your sole focus where it's need most – on your health - not on your money.

by Jeff Schreiter CFP, CLU, CH.F.C.  
Personal and Business Insurance Solutions  
Spectrum Financial Strategies