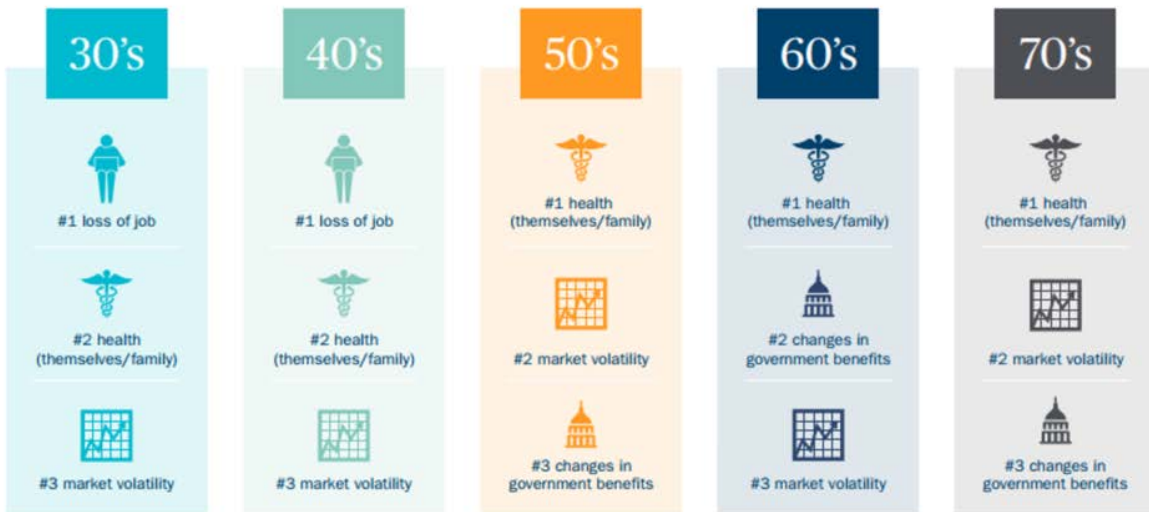


5 Ways to Manage Investors' Top Fear: Healthcare Expenses

No matter your financial situation, it's normal to have financial concerns as you plan for the future. According to recent research from Ameriprise Financial, the number one fear for those in their 50s through 70s is managing healthcare expenses for themselves or a family member. This same concern ranks number two for investors in their 30s and 40s.¹ The good news is there are steps you can take to feel more financially confident regardless of your age and current health status. The following are five strategies that can help you manage possible health expenses.

Financial Concerns



SOURCE: Ameriprise Financial

1. **Contribute to a health savings account (HSA).** If you are enrolled in a high deductible health plan, generally you are eligible to contribute to an HSA. This account is a tax-advantaged way to accumulate money that can be used to pay current out-of-pocket expenses as well as future ones, even in retirement. If you invest pre-tax dollars in an HSA, money in the account grows on a tax-deferred basis, and withdrawals used to pay for qualifying medical expenses are tax-free. In 2018, you may contribute up to \$3,450 pretax in an HSA if you have individual coverage and \$6,850 if you have family coverage.
2. **Have adequate disability income insurance.** Your ability to earn income may be your biggest asset. However, only 72 percent of people have long-term disability insurance, the Ameriprise research found.¹ If you experience an illness or injury that prevents you from working for an extended period, not having coverage can be a significant financial setback. Many companies provide insurance to cover a portion of their employees' income, typically 40 to 70 percent. Even if you qualify for this coverage you may want to purchase additional disability insurance so that more of your income is replaced. This may be particularly true for parents with young children, primary income-earners, and those with variable income (e.g. if commissions or bonuses make up a portion of your income).
3. **Understand what healthcare expenses are covered by Medicare.** Once you reach age 65 you are eligible for Medicare, which many Americans use to cover medical bills. Many retirees are surprised to learn that Medicare doesn't cover all necessary healthcare expenses, including co-pays, deductibles, dental care, and prescription glasses. Medicare doesn't cover long-term care if that's the only care you need. Check the rules to see what conditions apply for coverage. If the healthcare expenses you anticipate needing are not covered, consider purchasing supplemental

insurance through Medigap or Part C, a Medicare Advantage Plan. Be aware that Medicare comes at a cost that tends to rise each year.

If you are retiring before you become eligible for Medicare, prioritize obtaining other insurance to cover the gap. Some employers allow you to retain your health plan after retirement, so check with your benefits department to see what you can expect.

4. **Evaluate long-term care insurance options.** According to Ameriprise research, 75 percent of investors do not have long-term care insurance.¹ With many Americans living into their 80s, 90s and even longer, the potential of needing long-term care services is rising. Having long-term care coverage, which is less expensive to buy when you are younger, can help offset some of the healthcare costs you may face, and protect your long-term financial security. Policies cover various care needs, so explore options with a financial professional and healthcare provider.
5. **Prepare financially for accessible housing options.** As you near retirement, think about housing arrangements that will fit your changing needs. This may include finding a new home that simplifies your life and accommodates with any physical limitations you might face down the road. Alternatively, you may want to remodel your current home to make it more accessible for the future. Both options will require financial planning to ensure you can cover the costs associated with these changes.

Any decisions you make about how to handle your financial anxieties are best addressed in the context of a comprehensive financial plan. A financial advisor can help you sort through your challenges, identify your key goals and determine a strategy to help ease your concerns about the future.

¹ - The *Ages, Stages & Money* study was created by Ameriprise Financial, Inc. and conducted online by Artemis Strategy Group December 8-21, 2017 among 3,019 U.S. adults between the ages of 30-79 with at least \$100,000 in investable assets. For further information and details about the study, including verification of data that may not be published as part of this report, please contact Ameriprise Financial or go to Ameriprise.com/ages.

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