

PLANNING WITH PRIDE

With the advent of marriage equality, planning for same-sex couples became a lot less complicated. However, there may still be special issues to consider.

Longevity and healthcare concerns are at the foundation of most retirement plans. Addressing these issues often involves complicated guesswork and a lot of uncertainty. While population-based longevity figures are relatively easy to acquire, they are only a starting point for planning. Many additional factors that go far beyond population-based figures by sex are typically a part of an individual's longevity estimation. Family history, general physical health, and wealth all contribute to individual longevity estimates. Complexity is added when planning for couples that may have very different expectations about longevity. For instance, female same-sex couples have longevity statistics on their side and may need to plan to save more than male same-sex couples with shorter life expectancies.

What is Healthcare Planning?

Planning for healthcare involves several factors, including access, insurance, caretakers, and, of course, funding. Access is most commonly through Medicare and making sure an individual files in a timely fashion and gets the plan most appropriate for him or her. Since Medicare is an individual choice, each spouse may choose a plan that best fits his or her needs. Additionally, when there is a discrepancy in ages, figuring out coverage for the younger spouse when the older one attains Medicare also may be an issue.

Many couples are surprised about the cost of healthcare in retirement, often assuming it is cost-free with Medicare.

This is an incorrect assumption and can be addressed with proper planning discussions.

How Do I Estimate Retiree Healthcare Costs?

According to Fidelity's 2022 Retiree Health Care Cost Estimate, the average man will need \$150,000 and woman \$165,000 for retiree healthcare costs. These figures can be disheartening to see for couples preparing for retirement. These assumptions assume standard life expectancy and do not typically include potential costs for long-term care.

There are a couple of issues with this planning. First, it represents healthcare as a lump-sum cost. This figure is typically alarmingly large and may discourage individuals from addressing the need. We know that you don't get the full bill for healthcare costs in year 1 of retirement. Rather, it is a series of annual payments. By breaking it down to annual or monthly costs, you can help position healthcare as part of the couple's basic expenses, and build a stream of income to fund healthcare costs on a consistent basis.

A great way to evaluate these costs is to use one of the analyzers to help guide the process. Analytical tools allow you to generate a custom healthcare-cost report for your client. You can incorporate age and Medicare start dates, as well as certain conditions, to determine an estimate of annual healthcare costs in retirement. The analyzer allows one to look at various ways to fund those costs in the future.

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Next Steps

By breaking down healthcare costs into manageable annual amounts, you can help clients properly prepare and align an income to cover a couple's healthcare expenses in retirement.

Request a personalized analysis for your clients. It can help in your discussions with couples who may want to plan now to allow for more flexibility, depending on whether there are changes.

Additional Resources and Links

[Planning for Two with Pride and Confidence](#)

[How to Help Clients Navigate Healthcare Decisions for Retirement](#)

[Healthcare Expense Analyzer \(form\)](#)

For more information about retirement planning, please contact our Retirement Strategies Group at RSG@PacificLife.com or (800) 722-2333, ext. 3939.
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