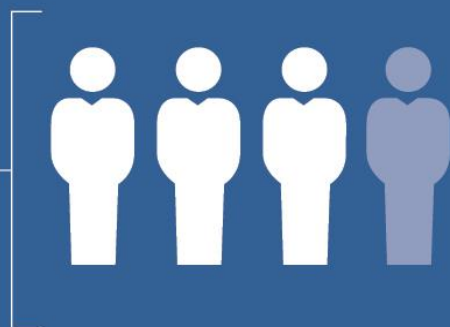




NATIONWIDE RETIREMENT INSTITUTE®

# Health care

*Plan for costs in retirement*



**3** OUT OF **4** AMERICANS  
*say health care costs getting  
out of control is one of their  
top fears in retirement.<sup>1</sup>*

<sup>1</sup> "Nationwide Health Care Consumer Survey," conducted by The Harris Poll on behalf of the Nationwide Retirement Institute (July 2020).

# Important things to keep in mind

- Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
- Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

This material should be regarded as educational information on health care and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact your legal or tax advisors.

This information is general in nature and is not intended to be tax, legal, accounting or other professional advice. The information provided is based on current laws, which are subject to change at any time, and has not been endorsed by any government agency.

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**NFM-10373AO.33 (01/22)**



*Nationwide Retirement Institute*

**EDUCATION  
& INSIGHTS**

**ACTIONABLE  
TOOLS**

**CONSULTATIVE  
SUPPORT**

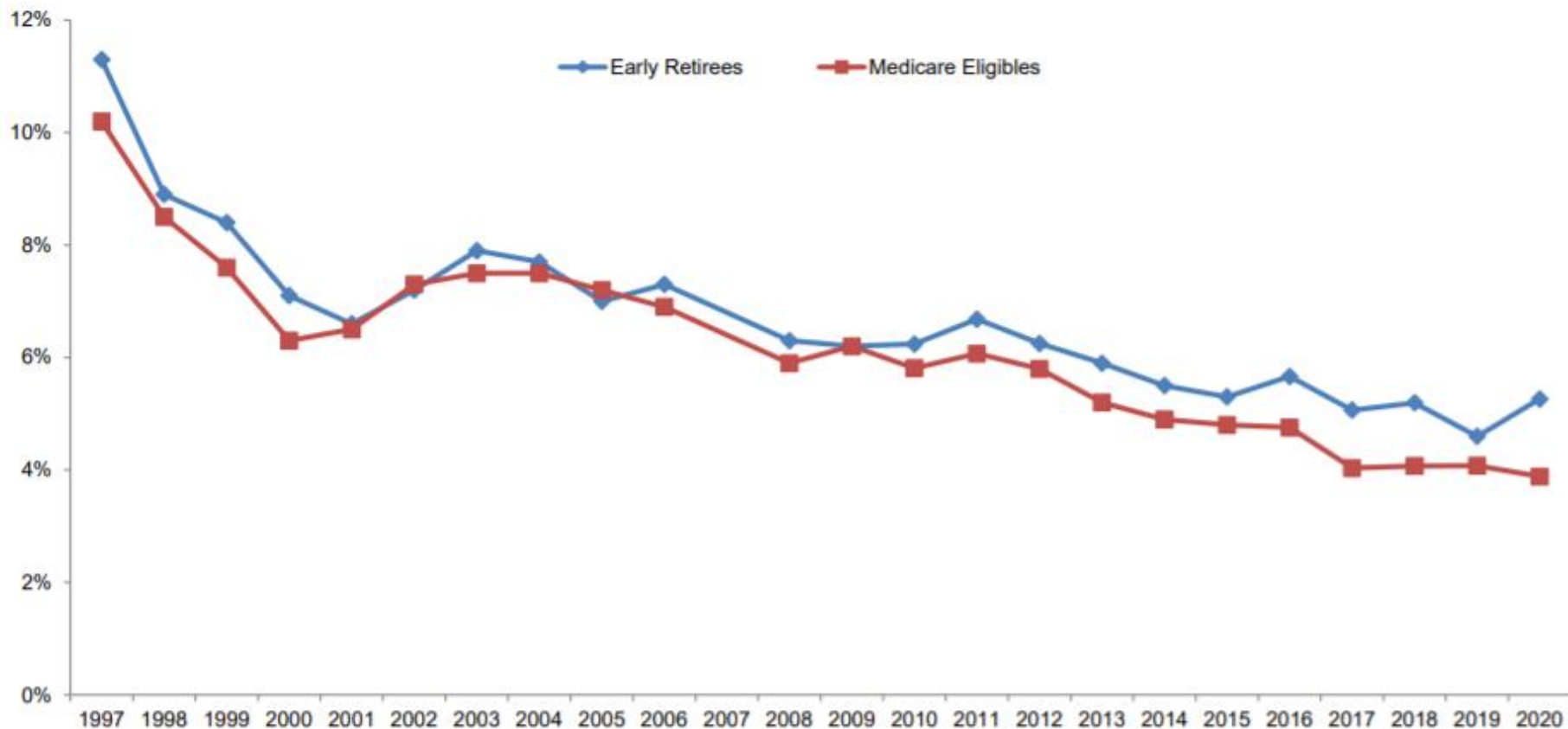
# Agenda

- The retirement income challenge
- Understanding health care
- Creating a plan to address health care costs

— The retirement income —

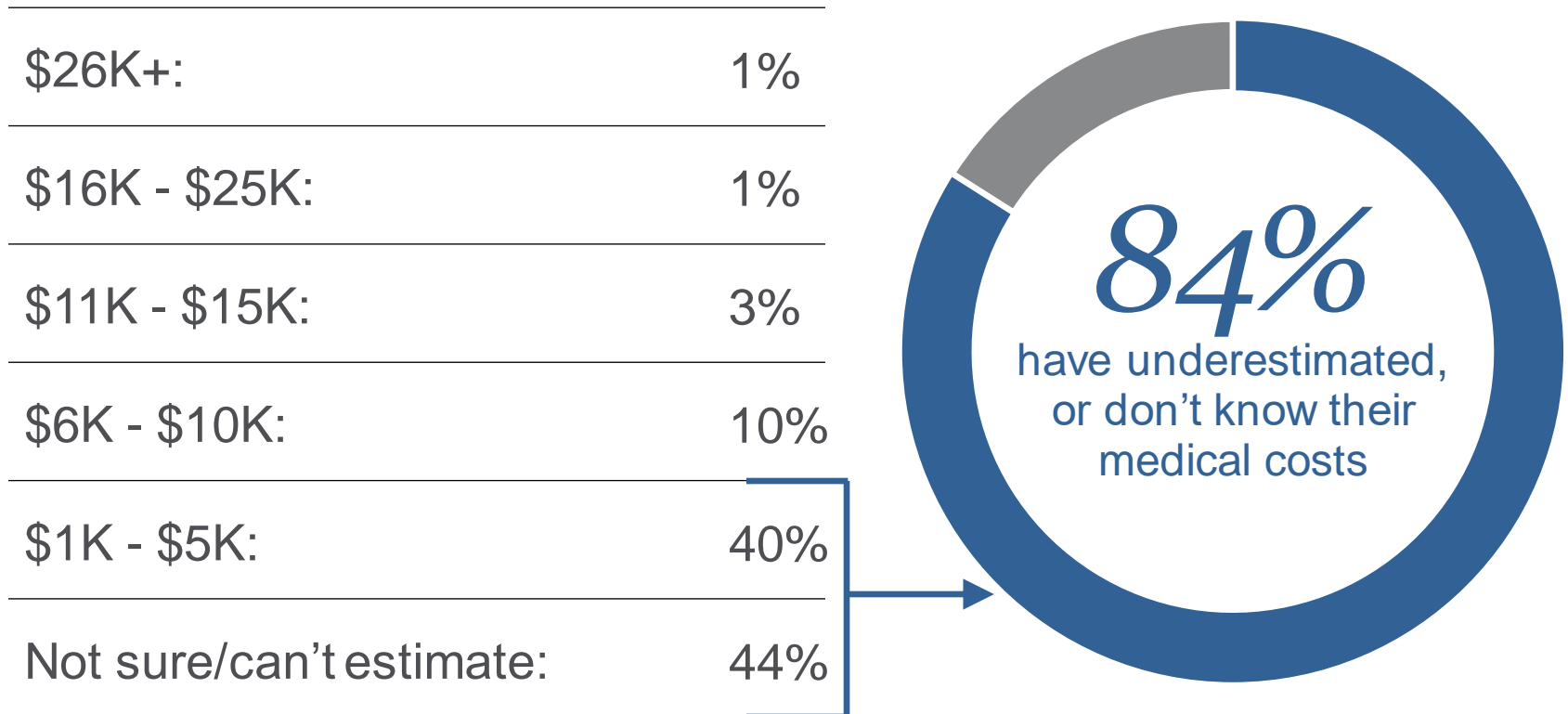
# Challenge

## Percentage of private-sector workers employed by establishments offering health insurance to retirees, 1997-2020



Source: EBRI estimates from various tables at [http://meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables\\_search.jsp?component=2&subcomponent=1](http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=2&subcomponent=1)

## Consumer estimate of annual health care costs in retirement



— Understanding —

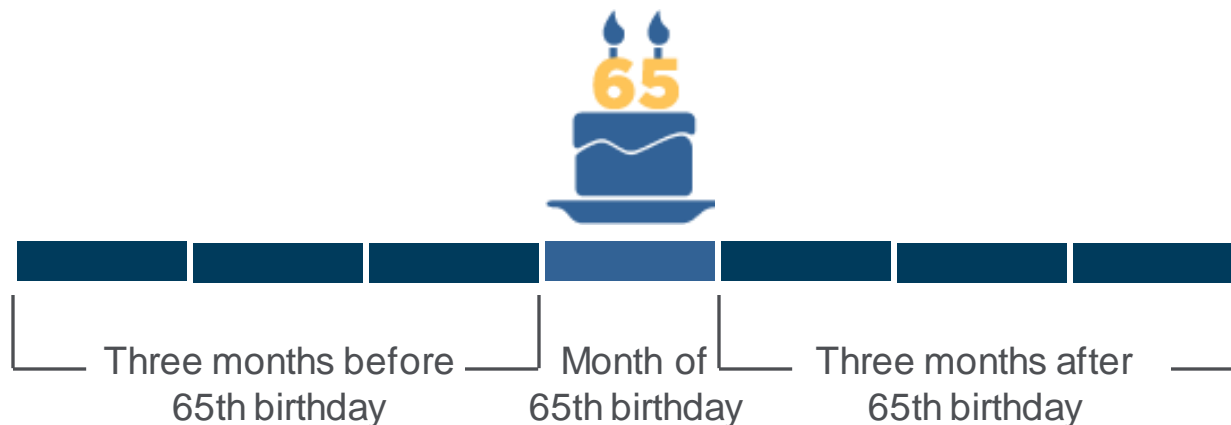
# Health care

## Applying for Medicare



Enrollment is automatic if clients get Social Security or Railroad Retirement benefits prior to Medicare eligibility

All others must apply with Social Security (or Railroad Retirement) during their **seven-month Initial Enrollment Period (IEP)**



***The sooner, the better.***

## Option 1

---

**Original Medicare**  
Part A and Part B +

---

**Secondary insurance**  
GHI, MedSup +

---

**Rx coverage**  
Part D or GHI

---

*or*

## Option 2

---

**Medicare  
Advantage (Part C)**

1. Hospitalization
  2. Medical
  3. Rx (MA-PD)
-

## Option 1 – Medicare Part A: Hospital Insurance

- 
- Inpatient hospitalization
  - Skilled nursing facilities
  - Home health care
  - Hospice
- 

### PATIENT COSTS FOR AN IN-HOSPITAL STAY, 2022

Days 1–60	\$1,556 deductible
-----------	--------------------

Days 61–90	\$389 per day copay
------------	---------------------

Days 91–150	\$778 per day copay
-------------	---------------------

Days 150+	All costs
-----------	-----------

---

## Option 1 – Medicare Part B: Medical Insurance

### INDIVIDUAL PAYS, 2021

- 
- Doctors/providers
  - Preventive benefits
  - Durable medical equipment
  - Outpatient services
- 

Monthly premium (based on MAGI)

\$233 deductible

20% coinsurance on doctors' services and outpatient care

## Option 1 – Medicare Part B: Monthly Premiums

IF YOUR YEARLY INCOME IN 2020 WAS:

YOU PAY (2022)

Filed individual tax return	Filed joint tax return	
\$91,000 or less	\$182,000 or less	\$170.10
\$91,001–\$114,000	\$182,001 - \$228,000	\$238.10
\$114,001–\$142,000	\$228,001 - \$284,000	\$340.20
\$142,001–\$170,000	\$284,001 - \$340,000	\$442.30
\$170,001–\$499,999	\$340,001 - \$749,999	\$544.30
above \$500,000	above \$750,000	\$544.30

Source: Medicare.gov, December 2021.

## Option 1 – Medicare Part D: Prescription Drug Coverage

- 
- Available two ways:
    - Stand-alone Prescription Drug Plans (PDPs)
    - Through Medicare Advantage Plans (MAPDs)
- 
- ALL people with Medicare can get Part D
- 
- Open Enrollment October 15 to December 7:
    - Other enrollment times based on circumstance
    - Coverage begins January 1
-

## Option 1 – Medicare Part D: Prescription Drug Coverage

### Coverage may change

- > Should review every year

### Prescription drugs

- > Lists of approved drugs vary by plan

### Premiums vary

- > Subject to IRMAA and late enrollment penalties

## Income-Related Monthly Adjustment Amount (IRMAA)

2020 individual income (MAGI)	Married income (MAGI)	Part D
\$91,000 or less	\$182,000 or less	Plan premium
\$91,001 – \$114,000	\$182,001 – \$228,000	+ \$12.40
\$114,001 – \$142,000	\$228,001 – \$284,000	+ \$32.10
\$142,001 – \$170,000	\$284,001 – \$340,000	+ \$51.70
\$170,001 – \$499,999	\$340,001 – \$749,999	+ \$71.30
\$500,000 and above	\$750,000 and above	+ \$77.90

Chart source: <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans> (December 2021).

## Option 1 – Medigap: Medicare supplemental insurance



- > Helps cover out-of-pocket costs
- > Typically pays only for services approved by Medicare

## Medicare supplement insurance (Medigap) plans

	A	B	C	D	F <sup>1</sup>	G <sup>1</sup>	K	L	M	N
Part A co-insurance and hospital costs	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Part B co-insurance or co-payment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% <sup>2</sup>
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care co-insurance or co-payment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care co-insurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
Out-of-pocket limit in 2021 <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	\$6,620	\$3,310	N/A	N/A

**Plans C and F are not available to people who are *newly* eligible for Medicare, as of 1/1/2020.**

<sup>1</sup> Plans F and G also offer a high-deductible plan in some states.

<sup>2</sup> Plan N pays 100% of the Part B co-insurance, except for a co-payment of up to \$20 for some office visits and up to a \$50 co-payment for some emergency room visits.

<sup>3</sup> Plans K and L have an out-of-pocket yearly limit.

## Cost of Medicare Premiums

	Monthly	Annual
Medicare Part A	\$0	\$0
Medicare Part B	\$170.10	\$2,041.20
Medicare Part D	\$44.97	\$539.64
Medigap Plan G	\$225	\$2,700
<b>Total per person</b>	<b>\$440.07</b>	<b>\$5,280.84</b>
<b>Total per couple</b>	<b>\$880.14</b>	<b>\$10,561.68</b>

This grid shows you the actual cost of premiums based on a couple's annual income below \$182,000 married filed jointly. This is for illustrative purposes only.

Medicare.gov, December 2021.

Medicare.gov, December 2021. Cost for Medigap Supplement Policy G in Columbus, Ohio regular deductible. Ranges from \$100-350

## Switching plans

### Guaranteed

Original Medicare + Medigap



Medicare Advantage



OK during open enrollment

---

Medicare Advantage



Different Medicare Advantage



OK during open enrollment

### Not guaranteed (subject to medical underwriting)

Original Medicare + Medigap



Original Medicare + Different  
Medigap



Can try anytime



May be denied

---

Medicare Advantage



Original Medicare + Medigap



May be denied anytime except during a  
special enrollment period

# Creating a plan

— to address health care costs —

## HEALTH CARE AND LTC COST ASSESSMENT



# Be prepared for health care costs

*A personalized estimate of retirement health care  
costs to help you plan for the future*

**Personalized Health Care Cost Assessment**  
Includes Medicare, out-of-pocket, and long-term care expense estimates

Designed for Jim Smith and Linda Smith  
Monday, January 31, 2022

Prepared by Sample Producer

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\* XX 99999  
(999) 999-9999

The information collected on the Personalized Health Care Cost Assessment will be kept confidential and used to provide an estimate of a client's potential health care costs in retirement. The estimate is based on a client's specific financial situation and goals, as well as their current overall health condition. The client's financial situation and health conditions may change over time and this may affect their future changes. Please keep in mind that the estimates resulting from this fact finder are for hypothetical purposes only and are not guaranteed.

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# HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment  
prepared by Sample Producer of \*\*\*\*\*

This material should be regarded as educational information on health care only and is not intended to provide specific health care advice. If you have questions regarding your particular situation, please contact your health care, legal or tax advisors. While financial professionals may discuss health care costs as part of a client's retirement plan, financial professionals may not provide specific advice on health care coverage options.

## Client Facts

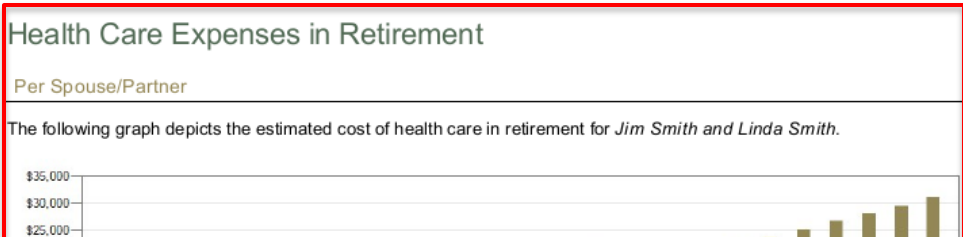
	Jim Smith	Linda Smith
Age/Gender:	Male, Age 60	Female, Age 60
Retirement Age:	65	65
Life Expectancy:	80	90
State:	OH	OH
Income Level:	Married Filing Jointly — \$182,000 or less	
Medicare Coverage:	Includes Medicare, out-of-pocket, and long-term care expense estimates	
Need to purchase private health insurance prior to 65:	No	No
Current Health		
High blood pressure:	No	No
High cholesterol:	No	No
Type 1 diabetes:	No	No
Type 2 diabetes:	Yes	No
Cardiovascular disease:	No	No
Cancer:	No	No
Multiple Sclerosis:	No	No
Lifestyle & health history		
Tobacco user:	No	No
Cardiovascular/Diabetes family history:	No	No
Dependency on cane, walker, or wheelchair:	No	No

Lifestyle & health history		
Tobacco user:	No	No
Cardiovascular/Diabetes family history:	No	No
Dependency on cane, walker, or wheelchair:	No	No

# HEALTH CARE AND LTC COST ASSESSMENT

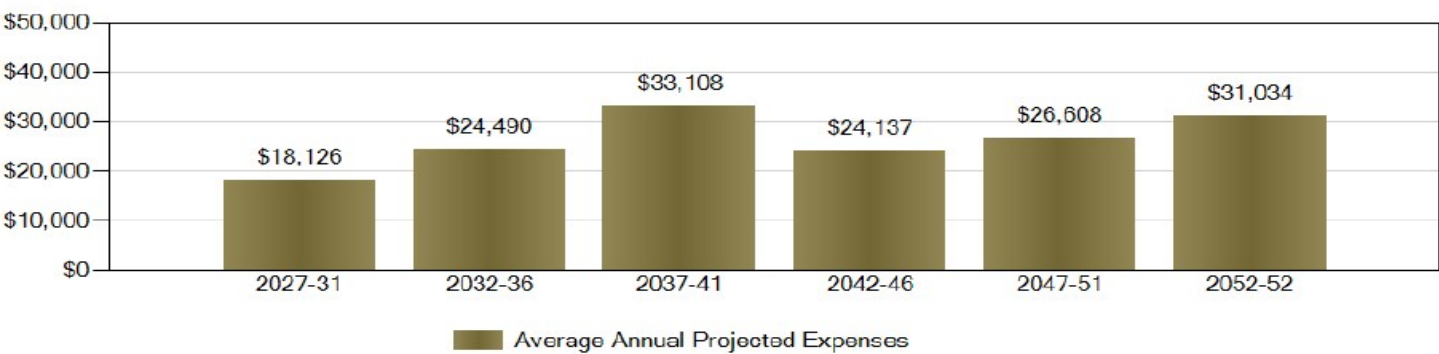


Personalized Health Care Cost Assessment  
prepared by Sample Producer of \*\*\*\*\*



## Average Annual Expenses per 5-Year Period

The following graph shows the *average* estimated annual cost of health care in retirement.



Amounts for under age 65 assume 100% member responsibility for private health insurance premiums and other associated medical costs unless otherwise indicated. Amounts for age 65 and older assume coverage by Medicare Part A and include insurance premiums for Medicare Parts B, D, and supplemental insurance, plus additional associated medical costs.

\*for age 65 and older assume coverage by Medicare Part A and include insurance premiums for Medicare Parts B, D, and supplemental insurance, plus additional associated medical costs.

# HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment  
prepared by Sample Producer of \*\*\*\*\*

## Annual Expense Detail

Assuming retirement in 2027, your average health care expense from that point on is estimated to be \$18,146 a year. Talk to your financial professional about an accumulation strategy based on your individual situation to reach this

Year	Jim Smith					Linda Smith					Household Total	Total Without Part B
	Age	Private or Part B Premiums	Part D and Supplemental Premiums	Additional Costs	Total	Age	Private or Part B Premiums	Part D and Supplemental Premiums	Additional Costs	Total		
2027	65	\$2,514	\$2,679	\$3,610	\$8,803	65	\$2,514	\$2,679	\$1,920	\$7,113	\$15,916	\$10,888
2028	66	\$2,716	\$2,890	\$3,912	\$9,518	66	\$2,716	\$2,890	\$2,004	\$7,610	\$17,128	\$11,696
2029	67	\$2,824	\$3,118	\$4,074	\$10,016	67	\$2,824	\$3,118	\$2,086	\$8,028	\$18,044	\$12,396
2030	68	\$2,943	\$3,358	\$4,330	\$10,631	68	\$2,943	\$3,358	\$2,201	\$8,502	\$19,133	\$13,247
2031	69	\$3,069	\$3,620	\$4,708	\$11,397	69	\$3,069	\$3,620	\$2,324	\$9,013	\$20,410	\$14,272
2032	70	\$3,204	\$3,896	\$5,000	\$12,100	70	\$3,204	\$3,896	\$2,453	\$9,553	\$21,653	\$15,245
2033	71	\$3,352	\$4,190	\$5,302	\$12,844	71	\$3,352	\$4,190	\$2,587	\$10,129	\$22,973	\$16,269
2034	72	\$3,513	\$4,510	\$5,624	\$13,647	72	\$3,513	\$4,510	\$2,729	\$10,752	\$24,399	\$17,373
2035	73	\$3,685	\$4,852	\$5,949	\$14,486	73	\$3,685	\$4,852	\$2,879	\$11,416	\$25,902	\$18,532
2036	74	\$3,869	\$5,230	\$6,288	\$15,387	74	\$3,869	\$5,230	\$3,037	\$12,136	\$27,523	\$19,785
2037	75	\$4,070	\$5,629	\$6,639	\$16,338	75	\$4,070	\$5,629	\$3,205	\$12,904	\$29,242	\$21,102
2038	76	\$4,290	\$6,057	\$7,015	\$17,362	76	\$4,290	\$6,057	\$3,380	\$13,727	\$31,089	\$22,509
2039	77	\$4,526	\$6,509	\$7,408	\$18,443	77	\$4,526	\$6,509	\$3,563	\$14,598	\$33,041	\$23,989
2040	78	\$4,775	\$6,980	\$7,775	\$19,530	78	\$4,775	\$6,980	\$3,750	\$15,505	\$35,035	\$25,485
2041	79	\$5,038	\$7,476	\$8,163	\$20,677	79	\$5,038	\$7,476	\$3,943	\$16,457	\$37,134	\$27,058
2042	80	\$5,315	\$8,003	\$8,563	\$21,881	80	\$5,315	\$8,003	\$4,149	\$17,467	\$39,348	\$28,718
2043						81	\$5,607	\$8,566	\$4,361	\$18,534	\$18,534	\$12,927
2044						82	\$5,915	\$9,160	\$4,587	\$19,662	\$19,662	\$13,747
2045						83	\$6,241	\$9,857	\$4,816	\$20,914	\$20,914	\$14,673
2046						84	\$6,584	\$10,594	\$5,051	\$22,229	\$22,229	\$15,645
2047						85	\$6,946	\$11,377	\$5,301	\$23,624	\$23,624	\$16,678
2048						86	\$7,328	\$12,213	\$5,557	\$25,098	\$25,098	\$17,770
2049						87	\$7,731	\$13,096	\$5,827	\$26,654	\$26,654	\$18,923
2050						88	\$8,156	\$13,881	\$6,071	\$28,108	\$28,108	\$19,952
2051						89	\$8,605	\$14,634	\$6,317	\$29,556	\$29,556	\$20,951
2052						90	\$9,078	\$15,386	\$6,570	\$31,034	\$31,034	\$21,956
Total		\$59,703	\$78,997	\$94,360	\$233,060		\$131,894	\$197,761	\$100,668	\$430,323	\$663,383	\$471,786
Average*		\$3,731	\$4,937	\$5,898	\$14,566		\$5,073	\$7,606	\$3,872	\$16,551	\$25,515	\$18,146

\*Averages are calculated from columns.

## HEALTH CARE AND LTC COST ASSESSMENT



Nationwide®

Complete this form and have your financial professional  
return it to the Retirement Institute Planning Team.  
SPLNDESK@nationwide.com  
Fax: 1-855-256-4220  
Have questions? Call 1-877-245-0763

### Health Care/LTC Cost Assessment Fact Finder

Wholesaler name:

Meeting reference:

REPORT REQUESTED BY:

☐ BROKER/DEALER

☐ BGA

☐ IMO

☐ RIA

#### Client and spouse/partner information

Assessment questions Check Yes or No

Client's response

Spouse's/partner's response

If you p

Ann

Medica

All Medic

Include

Include

Include

\* City/metr

☐ \$2

☐ \$3

☐ \$7

Depend

Family

*Complete this assessment with your financial professional and have them submit it to Nationwide's Institute Planning Team.*

Questions? Have your financial professional call 1-877-245-0763

☐ \$340,001 to \$749,999

☐ \$170,001 to \$499,999

☐ \$750,000 or above

☐ \$500,000 or above

Medicare coverage correct only one option

All Medicare premiums plus additional medical costs will be used as the default option if no other option is selected. Not required for LTC-only reports.

Include Medicare parts A, B, & D plus supplemental insurance premiums and out-of-pocket expenses.

☐

Include Medicare parts A, B & D plus supplemental insurance premiums only.

☐

Include Medicare parts A, B & D only.

☐

\*City/County data will be used if available. If unavailable state-wide averages will be used.

# Summary

- The retirement income challenge
- Understanding health care
- Creating a plan to address health care costs