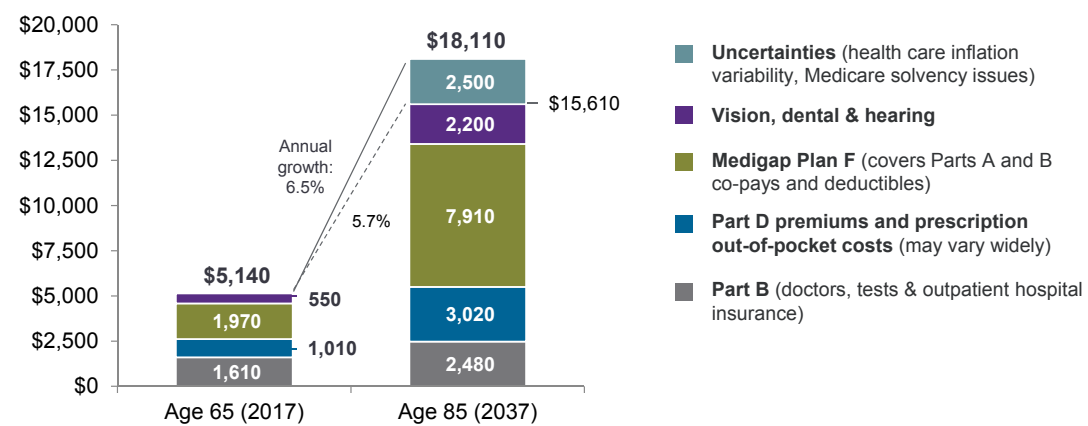




Rising annual health care costs in retirement (traditional Medicare)

Traditional Medicare estimated median health care costs per person



A GROWING CONCERN

Given variation in health care cost inflation from year to year, it may be prudent to assume an annual health care inflation rate of 6.5%, which may require growth as well as current income from your portfolio in retirement.

Additional premium per person for Modified Adjusted Gross Incomes (MAGI) of:

FILING SINGLE	MARRIED FILING JOINTLY	ADDITIONAL PREMIUM		TOTAL MEDIAN COSTS	
		2017	2018*	2017	2018*
\$85,001 – \$107,000	\$170,001 – \$214,000	\$802	\$722	\$5,942	\$5,798
107,001 – 133,500	214,001 – 267,000	802	1,820	5,942	6,896
133,501 – 160,000	267,001 – 320,000	2,017	2,928	7,157	8,004
160,001 – 214,000	320,001 – 428,000	3,234	4,018	8,374	9,094
>214,000	>428,000	4,450	4,018	9,590	9,094

Notes: Age 85 estimated total median cost in 2017 is \$7,195. Medigap premiums usually increase due to age, in addition to annual inflation, except for most policies in the following states: AR, CT, MA, ME, MN, NY, VT WA, AZ, FL, ID and MO. Analysis includes Medigap Plan F (the most comprehensive plan).

Parts B and D additional premiums are calculated from federal tax returns two years prior; individuals may file for an exception on form SSA-44 if they reduce or stop work. For the definition of MAGI, please see *Guide to Retirement* slide 36. *Additional premium includes a projection of 2018 costs for a 65-year-old beneficiary in 2018 (\$5,076), plus the surcharge percentage specified in the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA / "doc fix bill").

Source: Employee Benefit Research Institute (EBRI) data as of December 31, 2016; SelectQuote data as of January 16, 2017; Centers for Medicare and Medicaid Services website, January 25, 2017; 2016 Medicare Trustees Report, June 22, 2016; J.P. Morgan analysis.

