

South Bay Bogleheads, January 2019
Household Healthcare Costs (Author's data)

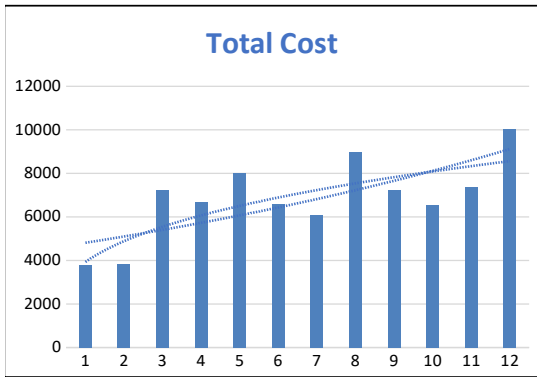
Year	YR#	M	F	Total Cost	Insur Prens	Out of Pocket
2007	1	65	63	3,770	2,562	1,208
2008	2	66	64	3,829	2,891	938
2009	3	67	65	7,256	3,895	3,361
2010	4	68	66	6,685	5,176	1,509
2011	5	69	67	8,009	5,602	2,407
2012	6	70	68	6,611	5,068	1,543
2013	7	71	69	6,105	5,032	1,073
2014	8	72	70	8,995	6,294	2,701
2015	9	73	71	7,227	6,092	1,135
2016	10	74	72	6,555	6,131	424
2017	11	75	73	7,358	6,525	833
2018	12	76	74	10,053	7,406	2,647

Ins Prem as % of Total
68%
76%
54%
77%
70%
77%
82%
70%
84%
94%
89%
74%

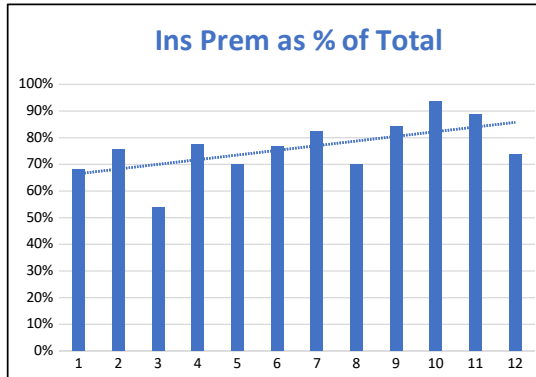
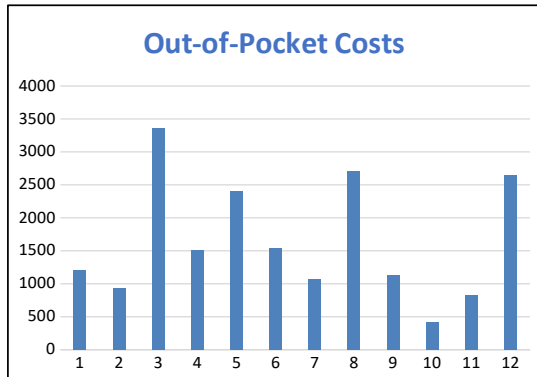
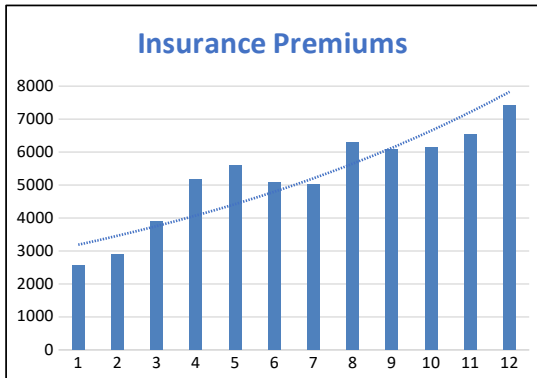
Estimated Lifetime Costs

Actual 12 Year Total Cost =	\$82,453
+18 Additional Years @ 9% =	\$535,024
Total Cost =	\$617,477
Per person =	\$308,739

Actual 12 Year Total Cost =	\$82,453
+18 Additional Years @ 6% =	\$329,336
Total Cost =	\$411,789
Per person =	\$205,895



The 2018 blended Medicare retiree trend assumption is 5.6%.
 For pre-Medicare populations, trend assumption is 6.6%.
 A constant Consumer Price Index of 2.6% is assumed.
 Re MVM pp13



Mercer-Vanguard Model, June 2018

https://pressroom.vanguard.com/nonindexed/Research-Planning-for-healthcare-costs-in-retirement_061918.pdf

Fidelity Estimated Healthcare Costs 2018

<https://www.fidelity.com/about-fidelity/employer-services/a-couple-retiring-in-2018-would-need-estimated-280000>

JL Cosgrove Jan 10, 2019

jjmcos42@gmail.com

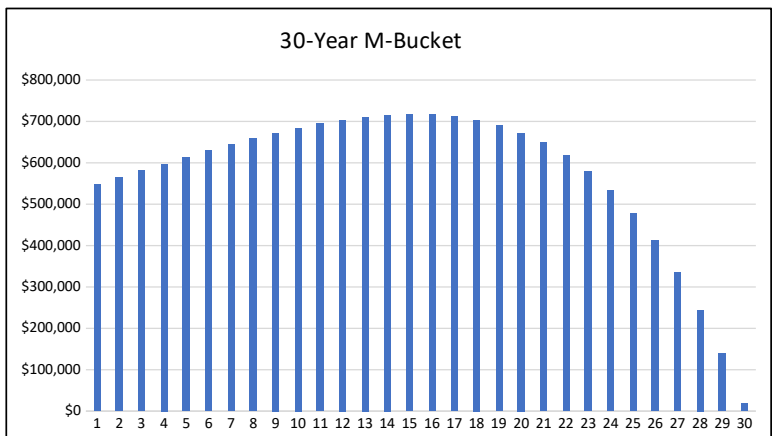
Funding Healthcare

M' (for Medical) Bucket

Assumptions:

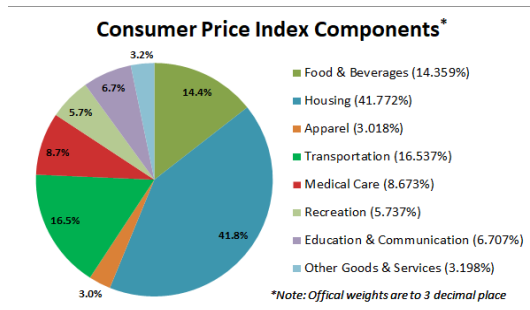
1. Two people for 30 years.
2. Year 1 annual costs = \$10,000
3. Annual cost inflation = 9%.
4. After-tax return on investment = 5.2% (60/40 portfolio)

Yr #	Beg Bal	- Cost	= Inv Balance	+ Inv Ret	= YE Bal
1	\$530,000	\$10,000	\$520,000	\$27,040	\$547,040
2	547040	10900	536140	27879	564019
3	564019	11881	552138	28711	580849
4	580849	12950	567899	29531	597430
5	597430	14116	583314	30332	613646
6	613646	15386	598260	31110	629370
7	629370	16771	612599	31855	644454
8	644454	18280	626173	32561	658735
9	658735	19926	638809	33218	672027
10	672027	21719	650308	33816	684124
11	684124	23674	660450	34343	694794
12	694794	25804	668990	34787	703777
13	703777	28127	675650	35134	710784
14	710784	30658	680126	35367	715493
15	715493	33417	682075	35468	717543
16	717543	36425	681119	35418	716537
17	716537	39703	676834	35195	712029
18	712029	43276	668753	34775	703528
19	703528	47171	656357	34131	690487
20	690487	51417	639070	33232	672302
21	672302	56044	616258	32045	648303
22	648303	61088	587215	30535	617751
23	617751	66586	551165	28661	579825
24	579825	72579	507246	26377	533623
25	533623	79111	454512	23635	478147
26	478147	86231	391916	20380	412296
27	412296	93992	318304	16552	334856
28	334856	102451	232405	12085	244490
29	244490	111671	132819	6907	139726
30	139726	121722	18004	936	18940



Consumer Budgets

From BLS (Bureau of Labor Statistics)



Source: BLS; The most recent annual reweighting was in December 2017.

Per capita lifetime expenditure is \$316,600; higher for females (\$361,200) than males (\$268,700). Two-fifths of this difference owes to women's longer life expectancy. Nearly one-third of lifetime expenditures is incurred during middle age; nearly half during the senior years. For survivors to age 85, more than one-third of their lifetime expenditures will accrue in their remaining years. Perhaps consumers will need to re-think how they allocate their spending?