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Healthcare and Retirement

Tags: health [1]
retirement [2]
retirement planning [3]

We are all familiar with the following perennial adage: “health is wealth”. Regardless of any financial circumstances you may have, optimum health allows you to enjoy long trips overseas, partake in your grandchildren’s life, physical activities such as golf as well as looking forward to your retirement years. No one wants to have to worry about the expenses that come with health problems in retirement.

It may look to you like you have done everything to have the perfect retirement plan, but Robert Burns said it best: the best laid schemes of Mice and Men oft go awry, And leave us nothing but grief and pain, For promised joy!

Rising Medical Costs and Retirement

The potential pitfalls of medical costs are not something that Canadians are unaware of. In fact, a majority of Canadians have expressed a growing concern for the possibility of paying medical expenses out of pocket after the age of 65, causing stress with regards to their financial preparedness in the case of long-term care. The fear response is that if Canadians ended up with a lengthy stay, it would exhaust their finances, which is heightened by the fact that only a few are budgeting for health-related expenses.

At present, there seems to be a general misunderstanding about what exactly our health care system will cover, which can be a huge contributor to the way people plan for their health in retirement. Case in point, there are limits to the coverage that the government can give you. For instance, the government can cover a tooth cleaning, but the prescription medication expense may be passed on to the patient. Not everything is covered and each situation is unique. While a retiree may have had a great benefits package while they worked, this employee benefits can have different requirements in retirement.

With life expectancy going up, there is going to be a lot of pressure and costs associated with long-term care and an aging population. As a result, there could also be a waiting time to get into long-term care homes in the public sphere.

So what if you want to remain in your home? Your provincial government can help you do this. Although your local health agency may help you with some home care, it may not be the most satisfactory one. Say for instance, you want to be able to take a regular bath daily! A caseworker sends you a personal care worker who can bath you twice weekly.

Consider the cost of hiring a personal care worker or nurse. In the case of hiring a registered nurse, the cost can have an hourly range of $40-$69[1]. In the personal care worker situation, it can coast $20-$30 per hour.[1]

So you’re probably wondering how much you should save for your health care!

No one wants to think of his or her life ending in a disaster, which is exactly why some people shy away from health planning for retirement. Alternatively, what if you could change the thought of disaster and think of it as planning for contingencies?

When considering a comprehensive retirement, each person’s financial situation is unique. Therefore, it is prudent to plan for rising health care costs during retirement, especially since costs can either be covered by spending extra capital from a retirement saving account or by using an insurance solution to cover any cash flow shortfalls.

The key point to remember about a long term health insurance plan is that the earlier it is purchased, the cheaper it

is. Contact our office to find out more about how long-term care insurance.

[1]Home Care Costs—A Complete Breakdown - closingthegap.ca

Do you have questions about your financial strategies?

Contact our office today ! **[4]**

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