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# How Health Can Affect Your Wealth in Retirement

# Contents





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## How Can Health Affect Your Wealth?

When planning for retirement, you will need to consider a number of expenses, and one of the most important involves health-related costs. Along the way, you may encounter a few truths and falsehoods about health care and retirement.

### Does good health mean lower health-care costs in retirement?

**Not necessarily.**

Although good health generally means fewer trips to the doctor and fewer treatments and medications during retirement, it can also lead to a much longer life span — which means you'll be paying for all your expenses, including health care, for a relatively long time.



### Will Medicare cover all your health-care expenses in retirement?

**No.**

People often underestimate the cost of health care in retirement — even with Medicare. Medicare generally covers only about 60% of the cost of health-care services for beneficiaries age 65 and older. Out-of-pocket costs may include premiums, deductibles, copays, and coinsurance. Your costs will vary depending on the coverage you choose and the medical services you need.

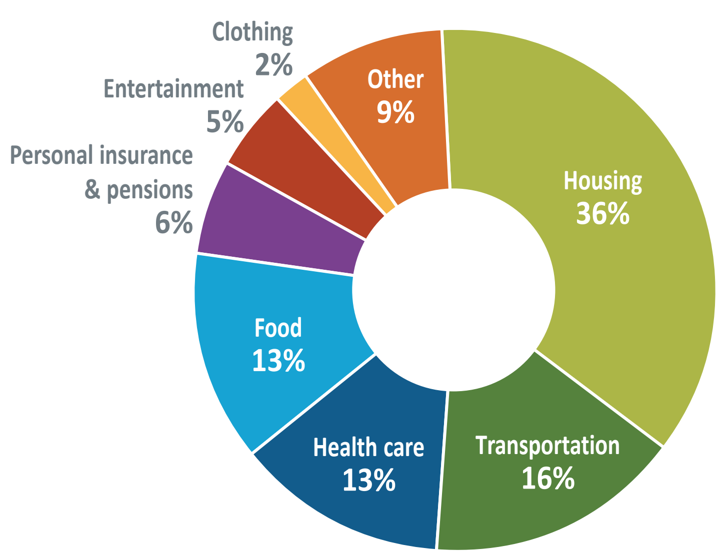
Source: Employee Benefit Research Institute, 2025

Medicare does not pay for many health-related items such as eyeglasses, hearing aids, and dental care, which can take a big bite out of your savings.

## Health-Care Costs as a Percentage of Expenditures

According to the Bureau of Labor Statistics, health care was tied with food as the third-highest expense category behind housing and transportation for Americans age 65 and older in 2024. This age group spent an average of $7,799 on health-care expenses, and the majority of this went to paying costs associated with health insurance (including Medicare).

Source: U.S. Bureau of Labor Statistics, 2025 (2024 data)



### How many people have tried to calculate how much they might need to cover retirement health-care costs?

**Only 41% of U.S. workers have tried to figure this out.**

Source: Employee Benefit Research Institute, 2025

## How Much Is Enough?

According to the Employee Benefit Research Institute, a 65-year-old couple in fairly good health who retired in 2024 may need about $366,000 in savings to have a good chance of covering their Medicare, Medigap, and out-of-pocket prescription drug expenses in retirement.

Source: Employee Benefit Research Institute, 2025 (based on a 90% chance of meeting expenses and assumes savings earn a return of 7.32% from age 65 until expenditures are made; includes premiums for Medicare Parts B and D, the Part B deductible, out-of-pocket prescription drug spending, and premiums for Medigap Plan G)



The following table estimates how much you might need to cover health care in retirement based on your current age, a hypothetical investment rate of return during retirement, and a retirement age of 65.

| | Assumed rate of return on investments | | |
|---|---|---|---|
| **Current age** | **2%** | **4%** | **6%** |
| 45 | $616,642 | $472,955 | $372,151 |
| 50 | $506,834 | $388,735 | $305,881 |
| 55 | $416,581 | $319,511 | $251,412 |
| 60 | $342,399 | $262,615 | $206,642 |
| 65 | $281,427 | $215,851 | $169,845 |

The average out-of-pocket health-care costs used in this table are based on 2024 data from the U.S. Bureau of Labor Statistics Consumer Expenditure Survey. Health-care costs include payments for health insurance, medical services, drugs, and medical supplies. The average out-of-pocket cost includes essentially all out-of-pocket costs, including premiums, deductibles, copays, and costs not covered by Medicare or other insurance.

Costs are adjusted for 4% inflation in years after 2024 and projected out to age 90. Annual health-care costs are assumed to occur ratably at the end of each month. Figures do not include the effects of federal or state taxes, or any investment fees or expenses.

This is a hypothetical example used for illustrative purposes only and does not reflect the performance of any specific investment or portfolio. All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

# Five Factors That Can Affect Health-Care Costs

Many factors can affect your overall health-care costs in retirement. Here are five primary considerations:

- **Overall health**
- **Age**
- **Inflation**
- **Gender**
- **Where you live**



## 1. Overall Health

Health-care costs can vary considerably based on your personal situation. According to the Centers for Disease Control and Prevention, the leading causes of death and disability — including heart disease, diabetes, and cancer — are also among the nation's leading drivers of health-care costs.

You'll need to consider the cost of medications and treatments for these and other common conditions associated with aging, such as arthritis, if they apply to your situation.

Source: Centers for Disease Control and Prevention, 2025

Americans age 65 and older spent an average of $898 on prescription drugs in 2024.

Source:
U.S. Bureau of Labor Statistics, 2025

## 2. Your Age

Not surprisingly, health-care costs tend to rise with age. And even if your basic expenses don't change much, inflation will certainly impact the costs associated with them. So in your planning, it's wise to factor in a regular increase in health-care spending.

### Average annual health-care costs, by age

**Ages 45–54**
**$6,748**

**Ages 55–64**
**$6,711**

**Ages 65–74**
**$7,715**

**Ages 75+**
**$7,918**

Source: U.S. Bureau of Labor Statistics, 2025 (2024 data)

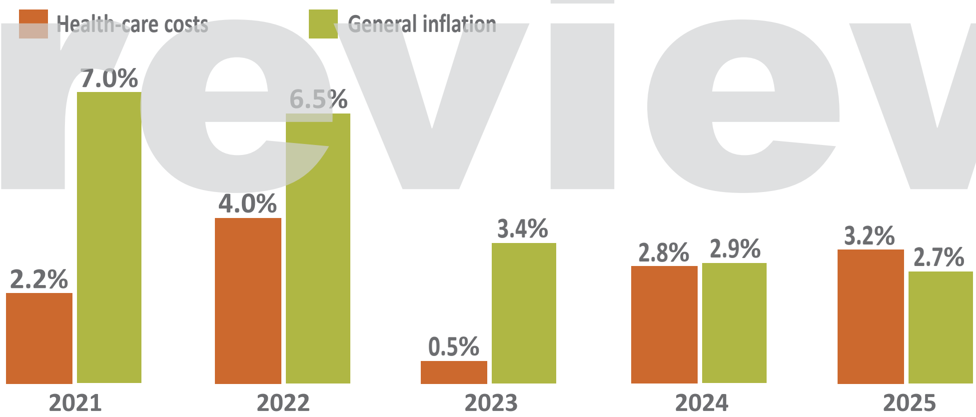
 

## 3. Inflation

The rise in the cost of goods and services over time — or inflation — is something you need to consider when planning for retirement expenses. However, in the health-care sector, inflation may have an even greater impact.

Health-care costs rose faster than the overall rate of inflation in 2025, which has almost always been the case over the last 50 years. The period from 2021 to 2024 was unusual, and it seems likely that health-care costs will rise at a faster pace in future years. This points to the need for realistic annual increases in your planning to cover health-care costs in retirement.

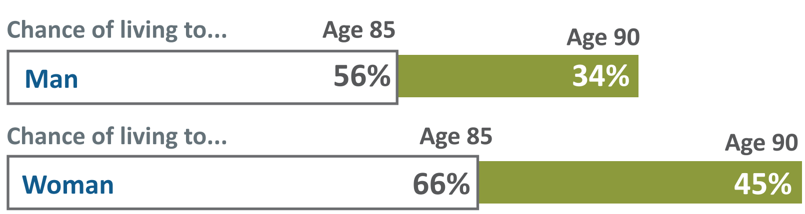





Source: U.S. Bureau of Labor Statistics, 2026

## 4. Gender

Gender is important because women, on average, outlive men. A 65-year-old man in average health has a 56% chance of living to age 85 and a 34% chance of living to age 90. A 65-year-old woman, on the other hand, has a 66% chance of living to age 85 and a 45% chance of living to age 90.




For this reason, the estimated savings needed to cover out-of-pocket health-care spending for a single, healthy 65-year-old male Medicare beneficiary who retired in 2024 is $35,000 less than that of a single, healthy 65-year-old female Medicare beneficiary.

**Estimated savings needed to cover out-of-pocket spending on health care in retirement**

**Man = $191,000**

**Woman = $226,000**

Sources: SOA Research Institute, 2026; Employee Benefit Research Institute, 2025

## 5. Where You Live

Perhaps another surprising factor related to health spending is where you live. That's because health-related costs can vary considerably by state.

For example, the national median annual cost for a private room in a nursing home is $127,750, but the median annual cost in the New York metropolitan area is $180,675 — more than 40% higher! In addition, because Medicare Advantage plans and prescription drug plans are offered by private insurance companies, their cost and availability can vary from one state to another.

Source: Genworth Cost of Care Survey 2024 (most current data available)



# Primary Resources Available

## Medicare

The primary source of health insurance for people age 65 and older is Medicare. This federal health insurance program is composed of different parts that help cover specific services. Original Medicare is divided into hospital insurance (Part A) and medical insurance (Part B), which are run by the federal government.

**Medicare Part A** covers services associated with inpatient care in a hospital, a skilled nursing facility (for a limited time), and a psychiatric hospital. Part A also covers hospice care and home health care, but does not cover long-term custodial care. Part A is premium-free for most people, but deductibles and coinsurance costs may apply to some services.

**Medicare Part B** helps cover other medical care, including inpatient and outpatient physician care, lab tests, physical therapy, and ambulance services. It also covers 100% of the cost of many preventive services. Beneficiaries pay an annual deductible and a monthly premium for Part B; those with higher incomes may pay more than the standard monthly premium. After that, beneficiaries pay 20% of the Medicare-approved amount for most services.

**Medicare Part C**, also known as Medicare Advantage, offers an alternative to Original Medicare. Part C plans are provided by private, all-in-one health-care insurers that contract with Medicare to provide the same benefits that Parts A and B offer. Some Medicare Advantage plans offer additional coverage for such expenses as vision, hearing, and dental, and most plans offer prescription drug coverage. Several types of Medicare Advantage plans are available, including HMOs and PPOs. There is usually a separate monthly premium for Medicare Advantage plans in addition to the monthly Part B premium. There may also be additional copayments or coinsurance costs.

### Late Enrollment Penalties

To avoid penalties, you should generally enroll in Medicare Parts A, B, and D during your initial enrollment period. However, you can wait to enroll in Medicare if you have health insurance through your employer or your spouse's employer.

If you do not sign up for Part B when first eligible, or when you lose your employer coverage, you may have to pay the penalty *for as long as you have Medicare.*

There is no penalty if you do not join a Medicare Advantage plan during your initial enrollment period.

**Medicare Part D** is prescription drug coverage provided by private companies or insurers that have been approved by Medicare. All Original Medicare beneficiaries (and beneficiaries of Part C plans that do not offer prescription drug coverage) are eligible to join a Part D plan. Premiums, copayments, and coinsurance costs vary by plan. All plans cover a broad range of brand-name and generic drugs.

### Medigap Plans

Medigap policies are regulated by federal and state laws. In most states, there are ten standardized plans to choose from; each has its own specified benefits and coverage levels. Plans C and F, the most comprehensive plans, are not available for people who turned 65 in 2020 or later, but someone who turned 65 earlier and did not sign up for Medicare Part B can still enroll in them.

**Medicare Supplement Insurance**, also known as Medigap, is available only to people enrolled in Original Medicare. It is sold by private companies that have been approved by Medicare and is designed to cover the deductible and copayments that Original Medicare doesn't cover. Medigap will not pay for procedures that are not covered by Medicare, and it does not cover prescription drugs. Coverage will vary depending on the benefits outlined in each specific policy.



## Understand Your Medicare Options

When you become eligible for Medicare, you can choose to enroll in Original Medicare or Medicare Advantage. Each has advantages and disadvantages, so you should compare costs and benefits. With Original Medicare, you might add prescription drug coverage (Part D) and Medicare Supplement Insurance (Medigap).

Visit the Medicare website at ***medicare.gov*** to learn more about your options and to get information about specific plans available in your area.

| Original Medicare | | | Medicare Advantage |
|---|---|---|---|
| **Part A**<br>Hospital insurance | **Part B**<br>Medical insurance | **OR** | **Part C**<br>Combines Parts A and B and *usually* Part D |
| **+ Optional drug coverage** | | | **+ Optional drug coverage (if not included in plan)** |
| **Part D**<br>Prescription drug coverage | | | **Part D**<br>Prescription drug coverage |
| **+ Optional supplemental coverage** | | | **If you join a Medicare Advantage Plan, you don't need (and cannot purchase) Medicare Supplement Insurance (Medigap)** |
| **Medicare Supplement Insurance**<br>(Medigap policy) | | | |

## Risk of Needing Long-Term Care

Although Medicare covers limited stays in a skilled nursing facility, it does not cover long-term care. Statistically, someone turning 65 today has a 56% lifetime chance of needing some form of long-term care services.

Long-term care refers to the ongoing services and support needed by people suffering from a chronic health condition or physical/mental impairment. There are three levels of care, all of which can be provided in different settings, including your own home, an assisted-living facility, and a nursing home.

**Skilled care** is generally round-the-clock care provided by professional health-care providers such as nurses, therapists, and aides under a doctor's supervision.

**Intermediate care** is nursing and rehabilitative care provided by health-care professionals, but on a less frequent basis than skilled care.

**Custodial (personal) care** is often provided by family caregivers, nurses' aides, and home health workers who provide assistance with "activities of daily living" such as bathing, eating, and dressing. It is the most common type of long-term care.

Source: Department of Health and Human Services, 2022 (most current data available)

The average cost of homemaker services (help with tasks such as cooking, cleaning, and running errands) rose 10% from 2023 to 2024.

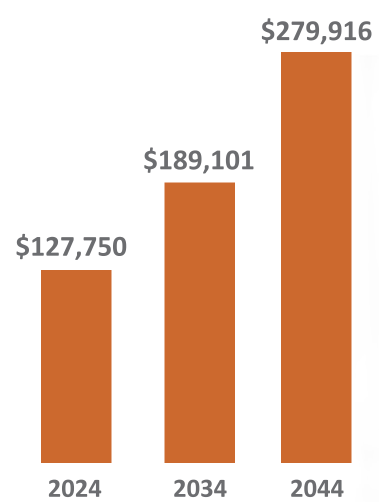
Source:
Genworth Cost of Care Survey 2024 (most current data available)



## Annual Cost of Nursing-Home Care

The type of long-term care that's likely to cost the most is nursing-home care. The national median cost for a private room in a nursing home was $127,750 in 2024, which is the most current data available.

If costs were to rise every year at an average rate of 4%, the cost of nursing-home care could reach almost $280,000 in 2044. It's easy to see how the high cost of care could threaten — or even wipe out — your retirement savings.




Source: Genworth Cost of Care Survey 2024 (most current data available)
*Projected costs are hypothetical and used for illustrative purposes only.*

## Medicaid Basics

Many Americans assume that Medicaid will pick up the tab for long-term care. Although that is indeed possible, there are many rules associated with who can qualify for Medicaid.

Medicaid is the joint federal-state program that many nursing-home residents rely on to pay some of their long-term care expenses. It is the largest payer of long-term care services in the country. In some states, Medicaid also covers some home health-care costs, a trend that will likely continue as states look for ways to contain Medicaid nursing-home expenditures.



But here's the catch: To qualify for Medicaid, you generally must be poor or become poor. In most states, you will have to use up most of your savings before you even qualify for Medicaid. And aside from a small personal needs allowance, you will have to use all of your retirement income, including Social Security and pension payments, to pay for your care before Medicaid pays anything.

Once you qualify for Medicaid, you'll have little or no choice regarding where you receive care. Only facilities with Medicaid-approved beds can accept you, and your chances of staying in your own home are slim, unless your state's Medicaid program covers home health care.

For more information, visit ***Medicaid.gov***.

## Medicaid Eligibility

In most states, you won't qualify if you have more than $2,000 in countable assets if you're single, or $3,000 if you are married and both of you are applying. If you're married and applying only for yourself, your spouse will be able to keep much more.

The term "countable assets" generally means anything that has cash value — for example, savings, investments, and real estate (other than your primary residence). Some assets are exempt from these limits.

But just because an asset is not counted by the state when determining whether you qualify for Medicaid doesn't mean that it will never be touched. The laws in your state may allow a lien to be placed on your home or other assets at the time you qualify for Medicaid, so the state can recover part of what it's paid out in Medicaid benefits after you and your spouse die.

Make sure to consult an experienced elder law attorney familiar with the laws of your state if you need help understanding Medicaid rules.

Sources: Congressional Research Services, 2025; American Council on Aging, 2026

## Step 1: Maximize Your Savings

The first step that could lead to a better outcome tomorrow is maximizing the amount you set aside for retirement during your working years. That means really putting your employer-sponsored retirement plans and IRAs to work.

**Retirement plans.** In 2026, participants in 401(k), 403(b), and governmental 457(b) plans can contribute as much as $24,500 per year. If you are age 50 and older, you can contribute an additional $8,000, or an additional $11,250 if you reach age 60 to 63 during the year. If you can't afford to save the maximum amounts, be sure to save at least enough to take full advantage of any employer match that might be offered in your employer-sponsored plan. Not doing so is forgoing free money.



| | 2026 elective deferral limit | 2026 catch-up contribution limit |
|---|---|---|
| 401(k) | $24,500 | $8,000 ($11,250 if age 60–63) |
| 403(b) | $24,500 | $8,000 ($11,250 if age 60–63) |
| SIMPLE IRA/401(k) | $17,000 | $4,000 ($5,250 if age 60–63) |
| SIMPLE IRA/401(k) With 250 or fewer employees or those that elect higher limits | $18,100 | $3,850 ($5,250 if age 60–63) |
| 457(b) | $24,500 | $8,000 ($11,250 if age 60–63) |

Annual limits aggregated

Employees earning more than $150,000 must make catch-up contributions on a Roth basis. 403(b) and 457(b) plans may allow additional catch-up contributions. For more information, see your human resources department.

*Distributions from traditional (i.e., non-Roth) employer-sponsored plan accounts and distributions of deductible contributions and earnings from traditional IRAs are subject to ordinary income tax. Withdrawals taken prior to age 59½ may be subject to a 10% federal income tax penalty (25% for the first two years in a SIMPLE IRA), unless an exception applies.*

*Required minimum distributions (RMDs) must begin when an account holder reaches age 73 for individuals born from 1951 to 1959, or age 75 for individuals born in 1960 or later. Exceptions apply to employer plan participants still working for the employer sponsoring the plan.*

**Traditional IRAs.** If you don't have access to a retirement plan at work, already contribute the maximum and would like to invest more, or would like to diversify your investments beyond what's offered in your employer plan, you can use an IRA. You must have earned income of at least the amount you contribute.

IRA account holders can contribute as much as $7,500 in 2026, while those age 50 and older can save an additional $1,100.

*Distributions comprising deductible contributions and earnings from traditional IRAs are subject to ordinary income tax. Withdrawals taken prior to age 59½ may be subject to a 10% federal income tax penalty, unless an exception applies. Required minimum distributions (RMDs) must begin when traditional IRA account holders reach age 73 for individuals born from 1951 to 1959, or age 75 for individuals born in 1960 or later.*

*Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.*

If neither you nor your spouse has access to a retirement savings plan at work, your contributions to a traditional IRA are generally fully tax deductible. If either one of you is covered, your contributions may be deductible depending on your modified adjusted gross income (MAGI).

| Federal income tax filing status | 2026 MAGI phaseout limits for partial deduction | No tax deduction allowed at these 2026 MAGI limits |
|---|---|---|
| Single or head of household | More than $81,000 but less than $91,000 | $91,000 or more |
| Married filing jointly or qualifying widow(er)* | More than $129,000 but less than $149,000 | $149,000 or more |
| Married filing separately | Less than $10,000 | $10,000 or more |

*If you are not covered by an employer plan but your spouse is, your deduction is limited if your MAGI exceeds $242,000 and eliminated if your MAGI exceeds $252,000.

Choosing a traditional or Roth structure for your IRA or employer-sponsored retirement plan is a key decision in your retirement saving and distribution strategies.

The current-year tax benefit for contributions to a traditional account is more valuable if you are in a higher tax bracket while working than you'll be in retirement. However, tax-free income from a Roth account in retirement could be more valuable in the long run.



**Roth accounts.** Roth accounts include 401(k), 403(b), and 457(b) accounts, as well as Roth IRAs. Although Roth accounts offer no upfront tax benefit, the main advantage is that qualified distributions are tax-free. And unlike traditional employer accounts and IRAs, there are no required minimum distributions (RMDs) during the original owner's lifetime.

Contribution limits for Roth accounts are the same as traditional accounts and will be aggregated with any traditional account contributions you make in a given year. That means if you make a $13,000 pre-tax contribution to your traditional 401(k) account in 2026, you can make an after-tax contribution of only $11,500 to your Roth 401(k) account for a total of $24,500. The same rule applies to IRAs: If you contribute $4,000 to a traditional IRA, you can contribute only $3,500 to your Roth IRA for a total of $7,500. (Both examples assume you are under age 50 and cannot make catch-up contributions.)

Qualified tax-free distributions from a Roth account not only may keep you in a lower tax bracket in retirement but might avoid triggering taxes (or higher rates) on capital gains, net investment income, and Social Security income, and could avoid or reduce the Medicare surcharge for high-income beneficiaries.

Although the original owner of a Roth IRA is not subject to RMDs, most nonspouse IRA beneficiaries must pull out all inherited IRA funds within 10 years. Surviving spouses may be able to stretch RMDs over their own lifetimes. Eligibility to contribute to a Roth IRA phases out at higher MAGI levels. If your income falls within the MAGI phaseout limits in the second column below, the amount you can contribute will be reduced. If your MAGI reaches the limits in the third column, you are not eligible to contribute to a Roth IRA.

| Federal income tax filing status | 2026 MAGI phaseout limits for reduced contribution | No contribution allowed at these 2026 MAGI limits |
|---|---|---|
| Single or head of household | $153,000 but less than $168,000 | $168,000 or more |
| Married filing jointly or qualifying widow(er) | $242,000 but less than $252,000 | $252,000 or more |
| Married filing separately | Less than $10,000 | $10,000 or more |

To be a “qualified” tax-free and penalty-free distribution, a Roth withdrawal must come from an account that meets the five-year holding requirement and occur after the account holder reaches age 59½, unless an exception applies.

You can withdraw *contributions* (not earnings) from a Roth IRA tax-free at any time. That means you don’t have to wait five years if you need some of the money you’ve contributed. Employer plans have different rules for withdrawing assets.

## Step 2: Take Advantage of HSAs

The second step is to take maximum advantage of a health savings account (HSA) if you have the opportunity to do so.

HSAs are specifically designed to help you manage health-care costs — both now and in retirement. They allow you to set aside money on a tax-advantaged basis specifically to cover health-care costs. You can only establish and contribute to an HSA if you are enrolled in a high-deductible health plan (HDHP), are not covered by someone else's health insurance plan, and cannot be claimed by someone else as a dependent.



- **Contributions are made on either a pre-tax or tax-deductible basis**
- **Account funds grow on a tax-deferred basis**
- **Withdrawals used for qualified medical expenses are tax-free**

Although most people view HSAs as a way to pay current medical bills, many folks have discovered the benefits of using HSAs to set aside money specifically for health-care costs in retirement. The reason is that HSAs offer the opportunity to invest in longer-term vehicles with growth potential (although many HSAs require you to reach a certain amount within the account before investing beyond the most conservative options). *All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.*

Tax-free withdrawals can be used to pay qualified health-care expenses you may incur in retirement, many of which Original Medicare won't cover, including dental care, eyeglasses, hearing aids, and improvements you may need to make to your home to accommodate health-related issues.

Once you reach age 65, you can make penalty-free withdrawals from an HSA. However, withdrawals used to pay nonqualified (nonmedical) expenses are subject to ordinary income tax. HSA contributions and earnings may or may not be subject to state taxes.

Once you enroll in Medicare, you can no longer contribute to an HSA. And although you can use HSA dollars to pay premiums for Medicare Parts A, B, and D, you cannot use funds to pay Medigap supplement insurance policy premiums.

For more information on the types of expenses you can pay with HSA money, refer to IRS Publication 502, *Medical and Dental Expenses*.

**2026 HSA contribution limits**

**Individual**
**$4,400**

**Family**
**$8,750**

## Step 3: Consider Additional Resources

The third step you can take now is investigating other financial products and strategies that may help you — particularly in the area of managing long-term care costs you may face down the road. The methods you choose will be based on your family's unique needs and circumstances.

A financial professional can help you explore different options that may be appropriate for your needs.

## Step 4: Live Healthfully

Finally, perhaps the most important thing you can do now and in the future to manage health-care costs in retirement is to be mindful of your own health. This generally means:

- **Exercising regularly**
- **Eating healthy foods**
- **Minimizing stress**
- **Staying connected with family and friends**

### Guidelines from the Centers for Disease Control and Prevention (CDC)

According to the CDC's National Center for Chronic Disease Prevention and Health Promotion, three in four U.S. adults have a chronic disease, and over half have at least two.

The leading drivers of the nation's $4.9 trillion in annual health-care costs are:

- **Heart disease and stroke**
- **Cancer**
- **Diabetes**
- **Obesity**
- **Arthritis**
- **Alzheimer's disease**

The key lifestyle risks for chronic disease are:

- **Tobacco use**
- **Poor nutrition**
- **Lack of physical activity**
- **Excessive alcohol use**

**Nutrition.** New nutritional guidelines call for eating whole, nutrient-dense foods, including protein, dairy, vegetables, fruits, healthy fats, and whole grains. Avoid highly processed foods. Details for a basic healthy diet can be found at *dietaryguidelines.gov*.

**Exercise.** Any amount of moderate-to-vigorous physical activity is helpful. However, the ideal target is at least 150 minutes of moderate-intensity workouts or 75 minutes of high-intensity workouts per week. In addition, guidelines recommend muscle-strengthening activities on two or more days per week. For more information, visit *odphp.health.gov/moveyourway*.



## More Resources from the Federal Government

**Odphp.health.gov.** (Office of Disease Prevention and Health Promotion). In addition to providing links to nutrition and physical activity information (shown above), the site offers information on health literacy and recovery & resilience (including healthy aging), as well as links to the government's 10-year health and well-being initiative (Healthy People 2030) and details on the President's Council on Sports, Fitness & Nutrition.

**MyHealthfinder (odphp.health.gov/myhealthfinder).** This government website provides information and tools to help you stay healthy. You can generate a list of recommended screenings and other health considerations based on your age and gender, and browse sections on health conditions, doctor visits, healthy living, and pregnancy.

### Are Your Legal Documents Up to Date?

A financial power of attorney, a medical power of attorney, a living will, a will, and trusts are some of the documents that typically make up an estate plan.

The laws governing each of these documents can vary significantly from state to state, so it's wise to find a qualified estate planning attorney who has an understanding of federal and state tax laws and elder law.

## How a Vibrant Social Life Can Lead to Healthier Aging

According to the National Institute on Aging, loneliness can lead to health problems in older Americans, such as cognitive decline, depression, and heart disease. By contrast, people who participate in meaningful activities and interactions with others tend to lead longer, more fulfilling lives. In fact, a vibrant and happy social life may even result in lower levels of an inflammatory factor that leads to such age-related disorders as Alzheimer's and osteoporosis.

Here are some ideas for ways to remain socially active throughout your retirement.



**Get together regularly — either in person or virtually — with family members and friends.** Host weekly family dinners or simply meet up for the occasional lunch or coffee. Caring for grandchildren, in particular, can be a great way to remain active and engaged. It can also encourage healthier habits such as eating better, smoking less (or better yet, quitting entirely), and limiting alcohol intake.

**Volunteer.** Getting involved with a religious organization or another cause that inspires you can lead to new experiences and relationships.

**Join a gym.** Working out at a local gym not only can help you maintain or improve your physical condition but often leads to new bonds with like-minded individuals.

**Visit your local library.** Explore the many (often free!) resources available at your local library, which can be a hub for social activities, such as book clubs.

**Adopt a pet.** Social engagement doesn't need to be limited to human interaction. According to Aging in Place, a resource website for seniors and family members, pets can provide numerous mental and physical benefits for people of all ages, but can be especially beneficial for older adults. Of course, owning a pet is not for everyone, as all pets come with additional costs and responsibilities. For more information, visit *aginginplace.org/lifestyle/seniors-and-pets/*.

# Figuring Out Your Net Cash Flow

How much discretionary income do you have available after your monthly obligations are met? Can you account for where the money goes? Some people are surprised at the amount they should be able to save and invest each month but don't. Analyze your cash flow for the current month. Because income and expenses can vary from month to month, you may wish to estimate your cash flow through all 12 months or take a 12-month average.



| Monthly Income | |
|---|---|
| Wages, salary, tips | $ |
| Alimony, child support | $ |
| Dividends from stocks, mutual funds, etc. | $ |
| Interest on savings accounts, bonds, CDs, etc. | $ |
| Social Security benefits | $ |
| Pensions | $ |
| Other income | $ |
| **TOTAL MONTHLY INCOME** | **$** |

| Monthly Expenses | | | |
|---|---|---|---|
| Mortgage payment or rent | $ | Other transportation | $ |
| Vacation home mortgage | $ | Life insurance | $ |
| Automobile loan(s) | $ | Homeowners insurance | $ |
| Personal loans | $ | Automobile insurance | $ |
| Charge accounts | $ | Medical, dental, disability insurance | $ |
| Federal income taxes | $ | Unreimbursed medical, dental expenses | $ |
| State income taxes | $ | Entertainment/dining | $ |
| FICA (Social Security) | $ | Recreation/travel | $ |
| Real estate taxes | $ | Club dues | $ |
| Other taxes | $ | Hobbies | $ |
| Utilities (electricity, heat, water, telephone, etc.) | $ | Gifts | $ |
| Household repairs and maintenance | $ | Major home improvements and furnishings | $ |
| Food | $ | Professional services | $ |
| Clothing/laundry | $ | Charitable contributions | $ |
| Education expenses | $ | Other expenses | $ |
| Child care | $ | **TOTAL MONTHLY EXPENSES** | **$** |
| Automobile expenses (gas, repairs, etc.) | $ | | |

| NET CASH FLOW | |
|---|---|
| **Total monthly income** | **$** |
| **Total monthly expenses** | **$** |
| **Discretionary monthly income** *(Subtract your expenses from your income)* | **$** |

**How much of your discretionary monthly income are you investing or saving each month?** $_______________

# Figuring Out Your Net Worth

How much are you worth? Just as corporations prepare a balance sheet to determine their current net worth, you may want to complete a personal balance sheet.

| Tangible Assets | |
|---|---|
| Residence | $ |
| Vacation home | $ |
| Furnishings | $ |
| Automobiles | $ |
| Rental real estate | $ |
| Art, jewelry, or other valuables | $ |

| Debt Assets | |
|---|---|
| U.S. government bonds and agency securities | $ |
| Municipal bonds | $ |
| Corporate bonds | $ |
| Face amount certificates | $ |
| Debt mutual funds | $ |



| Cash and Cash Alternatives | |
|---|---|
| Checking accounts | $ |
| Savings accounts | $ |
| Money market funds | $ |
| Certificates of deposit | $ |
| Other cash reserve accounts | $ |
| **TOTAL ASSETS** *(Add tangible, equity, fixed principal, debt assets, and cash)* | $ |

| Equity Assets | |
|---|---|
| Qualified retirement funds | $ |
| Stocks | $ |
| Equity mutual funds | $ |
| Variable life insurance (cash value) | $ |
| Variable annuities | $ |
| Limited partnerships | $ |
| Business interests | $ |

| Liabilities | |
|---|---|
| Home mortgage | $ |
| Other mortgage | $ |
| Automobile loans | $ |
| Bank loans | $ |
| Personal loans | $ |
| Charge-account debt | $ |
| Other debts | $ |
| **TOTAL LIABILITIES** | $ |

| Fixed-Principal Assets | |
|---|---|
| Fixed-interest annuities | $ |
| Life insurance (cash value) | $ |
| Other assets | $ |

| NET WORTH | |
|---|---|
| **Total assets** | **$** |
| **Total liabilities** | **$** |
| **NET WORTH** *(Subtract your liabilities from your assets)* | **$** |

## Set a goal for yourself.

**What would you like your net worth to be in 5 years?** $ ____________

**What would you like it to be in 10 years?** $ ____________

# What to Bring

Please bring the following documents to your complimentary, no-obligation consultation:

1. ______________________________

2. ______________________________

3. ______________________________

4. ______________________________

5. ______________________________

Your consultation is scheduled for:

______________________________

Date Time

REYNOLDS & Associates

broker-dealer disclosure