

Your iEstimate

Prepared for

Annie CA-IEP

Current Age: 64

Age at Retirement: 69

Your Advisor



Steve Sams, CPA

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Every report can be customized to include an advisor's contact info and logo. These reports turn into a referral documents.



Your iEstimate

📌 About This Report

For most Americans, healthcare is one of the largest expenses in retirement.

Unfortunately, too many people underestimate how much money they will need. They use today's costs as a benchmark for future needs and do not factor in declining health and inflation.

Luckily, you're holding your personalized iEstimate report. With this crucial information, you will be able to create a realistic plan to fully fund your healthcare needs in the years to come.

IMPORTANT: Costs presented in this report are for Annie CA-IEP only. A spouse or dependents are not included.

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Annie CA-IEP
04/11/2022

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Overview

Current Age: 64

Age at Retirement: 69

Life Expectancy: 86

Years of Retirement: 17

Each report is customized to the client—including a longevity estimate from the CDC/SSA which you can increase or decrease, if you choose.

Year of Medicare Eligibility: 2022

Tax Filing Status: Married Filing Jointly

Years Subject to IRMAA: 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037

Cost Estimates

HEALTHCARE

LONG-TERM CARE

The amount to invest by age 69:

\$130,878



The amount you will need for healthcare in retirement:

\$205,364

Total amount to invest by age 69:
\$232,060

The amount to invest by age 69:

\$101,182



The amount you will need for long-term care in retirement:

\$265,664

This amount is customized by how clients answered questions. Advisors can run multiple reports to create "best case," "worst case," and "what if" scenarios.

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Year-by-year Spending Breakdown

Year	Part A & B	Premium (Medigap/Private)	Part D	Dental	IRMAA	Total Out-of-Pocket	Long-term Care	Total
2026	\$2,297	\$1,886	\$417	\$0	\$2,731	\$1,391	\$0	\$8,721
2027	\$2,366	\$1,999	\$429	\$0	\$2,814	\$9,065	\$0	\$16,673
2028	\$2,437	\$2,119	\$442	\$0	\$2,898	\$1,733	\$0	\$9,628
2029	\$2,510	\$2,246	\$455	\$0	\$2,985	\$1,823	\$0	\$10,019
2030	\$2,586	\$2,381	\$469	\$0	\$3,073	\$1,604	\$0	\$10,112
2031	\$2,663	\$2,524	\$483	\$0	\$3,167	\$1,652	\$0	\$10,488
2032	\$2,743	\$2,675	\$497	\$0	\$3,261	\$1,702	\$0	\$10,879
2033	\$2,825	\$2,836	\$512	\$0	\$3,360	\$1,753	\$0	\$11,286
2034	\$2,910	\$3,006	\$528	\$0	\$3,460	\$1,937	\$0	\$11,841
2035	\$2,998	\$3,186	\$544	\$0	\$1,417	\$1,995	\$0	\$10,140
2036	\$3,087	\$3,377	\$560	\$0	\$1,460	\$2,055	\$0	\$10,540
2037	\$3,180	\$3,580	\$577	\$0	\$1,503	\$2,116	\$0	\$10,956
2038	\$3,276	\$3,795	\$594	\$0	\$0	\$18,030	\$0	\$25,695
2039	\$3,374	\$4,023	\$612	\$0	\$0	\$2,901	\$0	\$10,909
2040	\$3,475	\$4,264	\$630	\$0	\$0	\$2,365	\$14,510	\$25,245
2041	\$3,579	\$4,520	\$649	\$0	\$0	\$2,437	\$21,701	\$32,886
2042	\$3,687	\$4,791	\$668	\$0	\$0	\$2,509	\$22,352	\$34,008
2043	\$1,266	\$1,677	\$230	\$0	\$0	\$728	\$207,100	\$211,001
LIFETIME TOTAL:								\$471,028

This chart empowers an advisor to have POWERFUL conversations about healthcare/long-term care needs in retirement. With this conversation, advisors can spot holes in retirement planning or product needs, like annuities, LTC insurance, life insurance, reverse mortgages, and more.

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i IRMAA

What is IRMAA?

Higher-income beneficiaries on Medicare are subject to an Income-related Monthly Adjustment Amount or IRMAA for short. Since 2007, the amount has been added as a surcharge on top of the premium for Medicare Part B. In 2011, the Affordable Care Act extended IRMAA to Part D prescription drug coverage. Since then, higher income beneficiaries also pay a monthly adjustment on top of their regular drug plan premium.

The modified adjusted gross income (MAGI) that determines this threshold is tax-exempt interest and

About 45% of advisors demoing the i65 software do not know what IRMAA is. Talking about IRMAA and finding ways to reduce it can be a huge differentiator for advisors, especially if you wind up saving clients thousands of dollars.

According to your answers, these are the years you will be subject to IRMAA.*

Years Subject to IRMAA	Additional Monthly Premiums (Per Individual)	Additional Annual Premiums (Per Individual)
2026	\$228	\$2,731
2027	\$235	\$2,814
2028	\$242	\$2,898
2029	\$249	\$2,985
2030	\$256	\$3,073
2031	\$264	\$3,167
2032	\$272	\$3,261
2033	\$280	\$3,360
2034	\$288	\$3,460
2035	\$118	\$1,417
2036	\$122	\$1,460
2037	\$125	\$1,503
LIFETIME TOTAL:		\$32,129

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*Talk to your financial advisor for ways you may be able to structure your income to avoid paying IRMAA.

To view a chart of the current year's IRMAA premiums by tier, please visit <https://app.i65.com/IRMAA/Chart>

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📘 Long-term Care Expenses

Long-term care refers to daily help over an extended period, and is most often needed towards the end of life. Typically people want to stay in their home as long as possible and go through a progression of care

Long-term care (LTC) is one of those conversations that clients often actively avoid talking about. But, one of the quickest ways to drain assets under management is to simply ignore potential LTC needs. This section empowers the advisor to easily begin an LTC discussion.

Remember... MEDICARE DOES NOT COVER LTC costs.

Assumptions	
Name	Annie CA-IEP
Gender	Female
Life Expectancy	86 years

Long-term Care Service	Estimated Years Needed
Years of Adult Day Care	1
Years of In-Home Care	2
Years of Assisted Living	1
Years of Nursing Home Care	0
Years of Long-term Care:	4

Long-term Care Service	Current Value	Future Value
Adult Day Care	\$6,418	\$14,510
In-Home Care	\$17,854	\$44,054
Assisted Living	\$76,910	\$207,100
Nursing Home Care	\$0	\$0
Total Long-term Care Costs:	\$101,182	\$265,664

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i Methodology

How i65 created your healthcare costs estimate

iEstimate creates a realistic, personalized projection of your potential healthcare-related costs in retirement by applying knowledge from three main sources:

1. The latest machine learning technologies that analyze past healthcare claims data to predict future healthcare spending
2. Reputable healthcare research including longitudinal studies of long-term care utilization
3. Official life expectancy data from the United States Social Security Administration
4. Clinical expertise from nationally-recognized Medicare experts

How i65 estimated your long-term care needs

According to research, there are a number of factors that can contribute to the need for long term care. Some of those predictive indicators include family history, current health status, and living alone.

The long-term care questions embedded in

iEstimate, are used to identify those factors in your life that could contribute to and/or predict the need for long-term care services.

Once those factors are determined, iEstimate applies the expertise and experience of our on-staff professionals who have worked with the Long Term Care population to extrapolate the number of years of each type of Long Term Care assistance a particular individual can expect to require.

The resulting time periods are then used to create an over-all Long Term Care cost projection to serve as a guide in planning with your advisor.

Remember to run iEstimate again next year

While we are confident that our cost and usage projections are the best available, predicting future healthcare costs and long-term care utilization is far from an exact science.

Small changes in inflation rates and can have a big effect over longer time horizons. This is one of the reasons why we suggest you run a new iEstimate report every year.

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❗ Frequently Asked Questions

Q: How should I use this report?

A: An iEstimate report is meant to be used with your financial planning professional to help you better prepare for your healthcare costs in retirement. iEstimate makes it easy for you to identify the healthcare portion of your retirement budget and make better investing decisions today to help you make sure you'll have access to the healthcare resources you'll need tomorrow.

Q: Why are my predicted costs so high?

A: Medical expenses are typically the single biggest expense in retirement. Yet most people dramatically under estimate the cost and how much they need to save by retirement to afford adequate care. A Fidelity study shows that a 65-year old couple entering retirement will need \$285,000 to cover medical expenses, up from \$245,000 just four years earlier. That number excludes long-term care and assumes average health and longevity. But if your health is worse than average or you live longer than average, the costs can be significantly higher. It's not surprising that paying for medical expenses in retirement is the number one financial concern for people

nearing retirement.

Medical expenses have been rising much faster than the overall rate of inflation. Healthcare costs are predicted to rise six percent annually through 2024, to \$16,147 per person.

Meanwhile, Medicare Part B premiums have increased by 7.5% annually from 1966-2019.

There are three main reasons why medical costs continue to rise:

1. Medical technology is enabling more sophisticated, but expensive care. Medical services are increasingly sophisticated and rely on advanced technology such as advanced imaging equipment and drugs that often cost billions of dollars to bring to market. Many treatments and drugs are being personalized to each patient's DNA. That can lead to better medical outcomes. But it's also driving costs.
2. Medicare's finances are being stressed as more baby boomers retire, because there are more retirees receiving Medicare benefits for each worker currently paying taxes into Medicare. Medicare Part B premiums are

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expected to rise 5.17% annually through 2017. Many will experience "means testing," which raises Medicare Part B and Part D premiums for retirees with higher incomes. Many retirees with large tax-deferred retirement accounts who must take Required Minimum Distributions starting at age 70 will be "high income."

3. Retirees are living longer. The current life expectancy of a 65-year-old couple is age 83 for the man and age 86 for the woman. However, there's a 44% chance that one of them will live to age 90.5. Ironically, people who are in good health now may pay more for medical expenses in retirement simply because they're living longer and consuming more medical services. A good retirement plan typically should assume at least 25 years in retirement, with adequate savings to cover living and medical expenses.

The bottom line is that medical expenses are likely to continue rising faster than core inflation, and retirement planning that doesn't take this into account will leave retirees at risk.

Q: What impact does birth sex (male or female) have planning for long-term care?

A: Bottom line: Women generally cost more than

men when it comes to LTC care. There are three significant contributing factors.

- The most significant is women tend to live longer. In 2017, a man's life expectancy was 76.1 years, compared to 81.1 years for a woman. The US Census Bureau predicts that, by the year 2060, women's life expectancy will be 87.3 years and men, 83.9 years.
- Depression is more common in women, which can interfere with one's ability to manage life and lead to chronic illness.
- About 20% of older women live alone, either because they are happily single or widowed, compared to about 11% of older men.

Q: How much of an impact does cognitive dysfunction have on long-term care?

A: Cognitive dysfunction or impairment is when one has trouble remembering, learning new things, concentrating, or making decisions that affect their everyday life. This can range from mild (there are symptoms, but the person can still manage everyday life) to severe (the person loses the ability to understand and cannot live independently).

Research studies have identified cognitive

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dysfunction as a predictor of the need for long-term care. In many cases, those with this condition are relatively high users of LTC services, beginning with adult daycare and homecare, and moving to facility care.

Most insurance companies identify cognitive impairment as a benefit trigger for long-term care insurance.

Q: How does mobility and transferring affect a long-term care plan?

A: A person who is able to walk and transfer, without difficulty, can maintain independence and involvement in society, essential for healthy and safe aging.

Limitations in mobility and transferring can put older adults at risk for falls, declining abilities, and reduced access to necessary medical and other services.

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Disclosures

Scope of this report: The analysis contained in this report is based on sophisticated data analytics and machine learning techniques. The analysis is designed to help you understand, plan and save for your pre- and post-retirement medical expenses. The analysis should be used only as a guideline to help you in your planning.

The following assumptions have been considered in this analysis. Your Health Profile has a dramatic impact on the analysis, and your actual health over the planning horizon may differ greatly from what was assumed.

The Life Expectancy assumed can have a dramatic impact on the analysis. After retirement but prior to Medicare eligibility, we use the healthcare private plan based on your retirement location to forecast the healthcare expenses until Medicare eligibility.

Once you are Medicare eligible, we assume coverage from Medicare Part A and include insurance premiums for Medicare Part B, D and supplemental insurance, and additional associated medical costs as provided by you.

Projections are based on the plan you have selected and may not include dental, vision and Medigap. Present value is calculated using a discount rate of 6%.

Inflation assumptions vary. For Medicare Part B and D premiums, we use the historical Part B inflation rates experienced from 2007 to 2019, which vary from 3.1% to 8.7% based on the MAGI entered. Because of the compounding effect of large inflation rates over long periods of time, we apply a sub-linear scaling factor that gradually reduces the inflation rate over time.

Limitations of this report: The analytics engine used to prepare this analysis considers health and financial details and projects future healthcare costs. The report takes into consideration your health, healthcare costs, medical coverage, healthcare inflation rates and actuarial data including medical and pharmacy cost models. Many of these variables (e.g., your health status) may change significantly over long time periods, and hence could dramatically impact the actual medical expenses you will face.

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representatives or agents can not guarantee the accuracy of these assumptions, guidelines or estimated costs. Annual cost projections are future values as of the year of attained age. Average annual costs are the average annual future costs for the stated period as in the report. These are estimates only and are hypothetical in nature and are not accurate and do not guarantee to be exact in any manner. Your actual healthcare costs will likely vary to an extent or sometimes significantly from the projections in this report. Your current and future decisions and actions should not depend on or be solely based on the cost projections and results generated by this report. We highly recommend and emphasize the importance of you monitoring your pre- and post-retirement income and expense plans at least on a yearly basis and act accordingly.

This report is also dependent based on the quality and accuracy of the data provided/ input by you or any person acting on your behalf, including information about your health as well as certain assumptions as to future inflation rates and future healthcare costs.

The applicability and accuracy of the information in this report resulting from use of tool, to your circumstance is not guaranteed. We recommend considering this report only as a reference and encourage you to talk to your financial advisor to plan as per your situation and goals. 65 Incorporated, i65, Aivante or affiliates or representatives are not responsible for the consequences of any decisions or actions taken as a result or by relying on the information provided by this report.

This report or information herein should be regarded as informational material on healthcare cost projections only and is not intended to

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