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**FIDELITY INVESTMENTS<sup>®</sup> ESTIMATES COUPLES RETIRING IN 2010  
WILL NEED \$250,000 TO PAY MEDICAL EXPENSES DURING RETIREMENT**

**New Study of Retirees Finds Current Health Care Costs Higher Than Expected,  
Consuming One-Fifth of Monthly Budgets**

BOSTON, March 25, 2010 – Fidelity Investments<sup>®</sup>, a leading provider of employer benefits, today announced the results of its annual Retiree Health Care Costs Estimate that found a 65-year-old couple retiring this year will need a quarter of a million dollars (\$250,000<sup>1</sup>) to pay for medical expenses throughout retirement, not including nursing-home care.

The annual health care costs estimate is calculated by Fidelity's Consulting Services business, which helps mid- to large-size employers assess and design their workplace benefits programs.

Fidelity also surveyed 376 married individuals, 65 years or older and not working full-time, to better understand their experiences in financing health care needs in retirement. This effort revealed that almost half (47%) are paying more each month for insurance premiums and out-of-pocket health care costs than they had anticipated in retirement. Only three out of 10 of these retirees saved specifically for health care needs in retirement during their working years.

The nationwide study<sup>2</sup> found that health care costs average \$535 a month, or about one-fifth of an average couple's total monthly expenses of \$2,842. Among those surveyed, 11 percent said their health care costs are \$1,000 a month or higher. Average health care costs ranked second to the largest expense, food, which averaged \$659 a month and slightly higher than housing-related costs, which averaged \$494.

"It's crucial that workers begin to incorporate future medical expenses into today's retirement plans," said Brad Kimler, executive vice president of Fidelity's Consulting Services business. "In the past, retirees relied on their former employers to provide health care coverage, but this is no longer something to which most of today's retirees have access."

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<sup>1</sup> Assumes no employer-provided retiree health care coverage and life expectancies of 17 years for men and 20 years for women

<sup>2</sup> Survey conducted via telephone to 376 respondents March 4-14, 2010 by Infogroup/ORC of Princeton, N.J.

### **Current and Future Health Care Costs Biggest Financial Concern for Many**

When asked to identify their single biggest financial concern today, three out of 10 retirees said paying for today's health care costs and long-term health care expenses such as a nursing home are among their biggest worries. Other financial concerns included paying for daily living expenses such as food, transportation and utilities (17%), assisting grown children and grandchildren with their financial needs (10%) and paying for housing (7%). A little more than a third (35%) of retirees said they have no financial worries.

### **Half of Retirees Use Own Cash for Health Care Costs Not Covered By Medicare**

According to the study, over half (51%) are paying out-of-pocket for health care costs not covered by Medicare and four out of 10 (45%) have bought supplemental insurance to cover the gap. Only a small percentage of retirees indicated using other measures, such as tapping retirement funds earlier than anticipated (2%), credit cards (2%) or relying on family (1%). However, more than four in 10 of those surveyed (44%) said health care expenses have had a negative effect on their retirement budget.

### **2010 Retiree Health Care Costs Estimate Up 56% Since Introduction in 2002**

The Fidelity 2010 retiree health care costs estimate is 4.2 percent higher than last year's estimate of \$240,000 and 56 percent higher than in 2002, when Fidelity first calculated retiree health care costs at \$160,000.

The survey assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program Medicare. The Fidelity estimate takes into account cost sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

The significant jump in the retiree health care cost estimate from 2002 to 2010 can be attributed to a number of factors including higher costs (e.g., for doctor's visits, diagnostic tests); increased expenses associated with new technology; and general price inflation.

Fidelity offers guidance to help individuals budget for health care expenses in retirement at the [Retirement Resource Center](#) at Fidelity.com.

### **Methodology**

Data for the Consulting Services' retiree survey was collected via telephone between March 4, 2010, and March 14, 2010, by Infogroup/ORC of Princeton, N.J. It is based on responses from a national sample of 376 people who were married, not working full time and 65 years of age or older. The results of this survey may not be representative of all people meeting the same criteria as those surveyed for this study.

### **Fidelity's Consulting Services**

Fidelity's Consulting Services business helps mid- to large-size employers nationwide assess the effectiveness of their benefits programs. The business provides a holistic approach to benefits design, strategy, funding, communications and delivery by looking at clients' health care and retirement plans before diagnosing business solutions. The group's specialties include retirement and health care plan consulting, custom data administration, compliance, employee communication and human resource transformation. Consulting Services has offices in Boston, New York City, San Francisco, Chicago, Raleigh, Dallas and Merrimack, N.H.

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**About Fidelity Investments**

Fidelity Investments is one of the world's largest providers of financial services, with assets under administration of over \$3.2 trillion, including managed assets of \$1.5 trillion as of February 28, 2010. Fidelity offers investment management, retirement planning, brokerage, and human resources and benefits outsourcing services to over 20 million individuals and institutions as well as through 5,000 financial intermediary firms. The firm is the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans, the largest mutual fund supermarket, a leading online brokerage firm and one of the largest providers of custody and clearing services to financial professionals. For more information about Fidelity Investments, visit [www.fidelity.com](http://www.fidelity.com).

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