If there’s a single factor most likely to derail retirement plans, healthcare costs are probably it. There’s no way to accurately predict what they will be, and although we know healthcare costs are always rising, we don’t know how much they will increase during our later years. Because of this uncertainty, planning for your future healthcare costs is a critical component of your overall retirement plan.

For many, Medicare will be the primary source of healthcare insurance in retirement, so it is important to know when to apply, what it covers and how much of your retirement savings should be set aside to pay for it. Your financial advisor and/or insurance advisor can help you determine what kind of coverage you need and can afford, as well as educate you on what the different parts of Medicare do for you and which ones best fit your needs.

One thing that Medicare won’t provide is long-term care. Although we all want to age gracefully and spend our final years in our own homes, the reality is that almost 70% of those over the age of 65 will need some type of long-term care, according to the U.S. Department of Health and Human Services. And long-term care is expensive. In 2013, the median annual cost of care in a private room in a nursing home was $87,600. With numbers like those, it makes sense to prepare for the real possibility that we’re going to have some significant costs in this area and consider long-term care insurance as part of your retirement plan.

Enjoying a long and healthy retirement includes planning for the cost of healthcare. Your financial advisor can help you make the right decisions so you and your family can be prepared for whatever may come.

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