

# **Fidelity Investments® Releases 2025 Retiree Health Care Cost Estimate, a Timely Reminder for All Generations to Begin Planning**

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- ***24th annual estimate reveals 65-year-old retiring today could spend \$172,500 on health care in retirement***
- ***One-in-five Americans say they have never considered health care costs during retirement***
- ***While HSA adoption rates are increasing, opportunities exist for greater education***

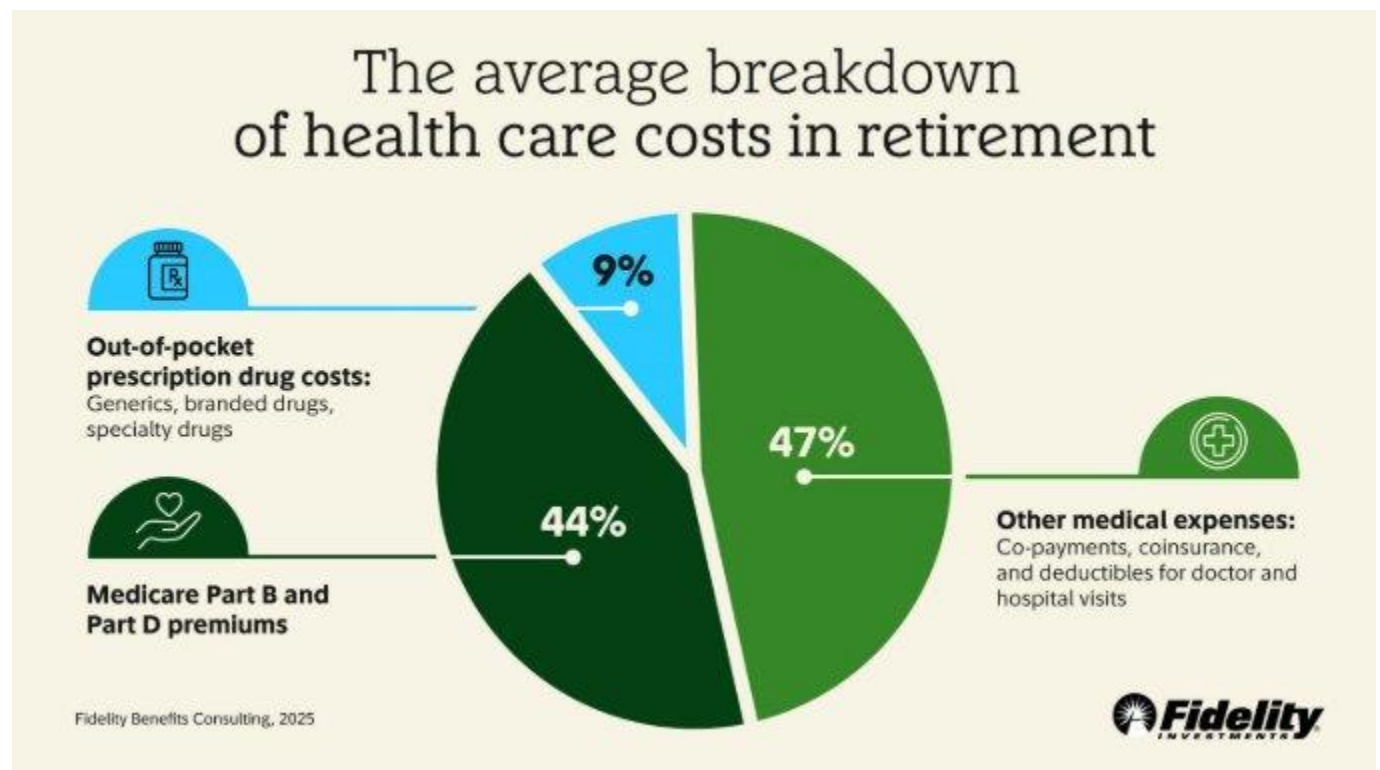
**BOSTON, July 30, 2025** – Fidelity Investments® today shared its 24<sup>th</sup> annual Retiree Health Care Cost Estimate, revealing that a 65-year-old retiring in 2025 can expect to spend an average of \$172,500 in health care and medical expenses throughout retirement<sup>[1]</sup>. This represents a more than [4% increase over 2024](#) and continues the general upward trajectory of projected health-related expenses since Fidelity’s inaugural \$80,000 estimate in 2002.

This year’s estimate comes as [Americans’ confidence in their retirement prospects has slightly decreased](#) and a record-number begin their final stretch to reaching the traditional retirement age of 65<sup>[2]</sup>. Of concern, recent Fidelity research shows 1-in-5 Americans say they have never considered health care needs during retirement—a figure that rises to one-in-four among Gen X. More so, across all

generations, 17% have taken no action at all when it comes to planning for health expenses in retirement<sup>[3](#)</sup>.

“Year after year, so many Americans underestimate how much they’ll need to save to cover health care costs in retirement,” said Shams Talib, head of Fidelity Workplace Consulting. “We recognize the impact health care costs can have on retirement savings. With the right tools and guidance, pre-retirees and retirees alike can take greater control of their financial futures by beginning the planning process as soon as possible.”

The Retiree Health Care Cost Estimate helps Americans of all ages understand the potential impact of rising health care costs on their financial planning and helps them make more informed decisions about saving for retirement. The estimate assumes enrollment in Original Medicare (Parts A and B) and Medicare Part D, which includes premiums, co-payments, and other out-of-pocket costs for medical care and prescription drugs. It does not include long-term care expenses.



***Health Savings Accounts: a tax-advantaged tool for health care costs***

[Health savings accounts](#) (HSAs) can play an important role in preparing for health care costs both now and in the future. The most notable feature of an HSA is its triple-tax advantage<sup>[4]</sup>: contributions to the account are made pre-tax; you can withdraw funds to pay for qualified medical expenses tax-free; and you can invest HSA funds, too, with any investment growth also considered tax-free.

“HSAs are more than just a short-term savings tool—they can serve as a critical component of the retirement readiness equation,” said Steve Betts, head of Fidelity Health. “Our research consistently shows HSA users feel more prepared to cover health care expenses in retirement, yet many people don’t realize the full potential of the account. When used as a part of a well-crafted retirement plan, the tax-advantaged nature of your HSA savings can offer growth potential that can help reduce the burden of health care in retirement.”

While HSA adoption rates continue to increase—[Fidelity HSAs](#) saw a 43% growth in total assets and 23% increase in accounts in 2024<sup>[5]</sup>—opportunities still exist for greater education around HSA features. Recent Fidelity research finds only 23% of Americans say they are contributing to an HSA as one way to prepare for health care costs in retirement, and just 3-in-10 are investing their HSA assets, leaving growth potential on the table<sup>3</sup>. Moreover, many pre-retirees have [fallen into an HSA knowledge gap](#) altogether: only 15% of people ages 55-64 have an HSA<sup>[6]</sup>, and among them, more than half (52%) are not aware that an HSA can be used as a retirement savings vehicle<sup>[7]</sup>.

## **Medicare: the difference a plan makes**

For older Americans approaching Medicare eligibility, understanding the potential costs they may face in retirement is critical, as well as how Medicare can and cannot help. While 37% of Americans plan to rely on Medicare to cover health care costs in retirement<sup>2</sup>, Fidelity’s estimate—which assumes enrollment in Medicare Parts A, B, and D—shows how quickly out-of-pocket expenses can add up. Retirees are still on the hook to cover things like Medicare premiums, over-the-counter medications, dental and vision care, and other types of added expenses like long-term care.

Choosing health care coverage in retirement can be one of the most complex decisions many Americans make—55% anticipate it will be difficult to enroll in Medicare coverage, and half expect to be confused when selecting a plan.<sup>[8]</sup> Whether enrolling in Medicare for the first time or looking for coverage to better meet their needs, [Fidelity Medicare Services](#)<sup>®</sup> can help by providing complimentary education and guidance from licensed insurance agents to help retirees and near-retirees with their health and financial goals.

## Fidelity Resources for Managing Your Health Care Journey Today and Into Retirement

- Rated #1 by Morningstar for spenders and savers for six years in a row<sup>[9]</sup>, [Fidelity HSA](#)<sup>®</sup> is now the largest in the nation<sup>[10]</sup>, helping account holders save more than \$32B for health care expenses.
- Offering impartial educational information and assistance, [Fidelity Medicare Services](#)<sup>®</sup> provides clarity around Medicare options and enrollment.
  - Visit the [online learning center](#) for interactive tools to guide Medicare planning and decision-making.
  - [Work with a licensed insurance agent](#) for ongoing guidance and support.
  - [Browse and enroll in Medicare plans online](#), helping save valuable time when it comes to choosing the right plan for your needs.

## About Fidelity Investments

**ATTENTION: Medicare has neither reviewed nor endorsed the information in this document/website. Fidelity Medicare Services, FHIS, and FMR are not connected with or endorsed by the U.S. government or the Centers for Medicare & Medicaid Services.**

For a complete list of available plans, please contact 1-800-MEDICARE (TTY users should call 1-877-486-2048) 24 hours a day/7 days a week or consult [www.medicare.gov](http://www.medicare.gov).

<sup>[1]</sup> Estimate based on a single person retiring in 2025, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity

Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, original Medicare. The calculation takes into account Medicare Part B base premiums and 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 original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

<sup>[2]</sup> Social Security Administration Historical and Projected Population Estimates 1940-2100 (2023)

<sup>[3]</sup> Fidelity Investments 2025 State of Retirement Planning Study

<sup>[4]</sup> With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation.

<sup>[5]</sup> Devenir Research 2024 Year-End HSA Market Statistics & Trends

<sup>[6]</sup> "2022 Devenir & HSA Council Demographic Survey," Devenir Research, July 13, 2023, <https://www.devenir.com/wp-content/uploads/2022-Devenir-and-HSA-Council-Demographic-Report.pdf>

<sup>[7]</sup> Fidelity Health Thought Leadership Benefit Plan Participant Survey, fall 2023, Q14: "[That Health Savings Accounts (HSAs) can be used as an investment and retirement savings vehicle] Overall, how aware are you of each of the below?" Sample included 688 consumers ages 55 or older without an HAS

<sup>[8]</sup> This CARAVAN study presents the findings of a survey among a sample of 2,009 U.S. adults ages 50+. Interviewing was conducted on June 27-July 2, 2024 by Big Village, which is not affiliated with Fidelity Investments. The results may not be representative of all adults meeting the same criteria as those surveyed.

<sup>[9]</sup> Morningstar rated 10-11 retail HSA providers for HSAs as a spending account to cover current medical costs and HSAs as an investment account to save for future medical expenses. Results published in 2019, 2020, 2021, 2022, 2023, and 2024 "Health Savings Account Landscape."

<sup>[10]</sup> Devenir Research 2024 Year-End HSA Market Statistics and Trends