

## Health Insurance Options for Early Retirement

Like many American workers, you may be entertaining the idea of retiring early. One concern that stops many from fulfilling their dream is the prospect of having to find affordable health insurance to bridge the gap until age 65, when Medicare kicks in.

What are your options? Here are five health care programs you may want to consider.

1. **Your employer's health plan.** You may be lucky and have an employer that offers to extend your health coverage until you're old enough to qualify for Medicare. But don't assume that's the case without checking first. According to a recent [study](#), two-thirds of companies are currently considering altering their pre-65 retiree health benefits to reduce expenses over the next few years. Of those, 28 percent are considering eliminating coverage altogether.
2. **COBRA.** The Consolidated Omnibus Budget Reconciliation Act (COBRA) provides a short-term solution to the health insurance conundrum. If you work for an employer with 20 or more employees, you may have the option to extend your employer health plan for up to 18 months after leaving, although you'll be responsible for the full cost of your coverage, including the employer portion of your premiums and up to 2 percent for administrative expenses. This means if you were paying a \$100 premium for your health benefits monthly and your employer was paying the remaining \$200 of the premium, for example, under COBRA you'd be required to pay \$306 per month to continue that coverage (\$100 + \$200 + 2 percent fee).
3. **Your spouse's policy.** If you are married and your spouse is still employed and has access to health coverage, check to see if you can be added to his/her policy. While this will increase the amount your spouse may have to pay each month, family coverage still may be an affordable option.
4. **A group plan.** Many professional societies, college and university alumni groups, trade associations and unions offer group health plans. If you're a member, check to see if you can participate. Often you'll be able to do so at a discounted group rate. For instance, the [Writers Guild of America](#), the [Freelancers Union](#), [Penn State University](#) and [Northwestern University](#) offer health insurance benefits for their members.
5. **Affordable Care Act (often referred to as Obamacare).** Under the Affordable Care Act, you can secure health insurance coverage through either your state's exchange or the federal exchange. Plans are categorized as Bronze, Silver, Gold and Platinum. All cover certain essential benefits, but premiums and out-of-pocket costs vary. As you might expect, the Bronze plan offers the most affordable insurance but has the highest out-of-pocket costs; conversely, the Platinum plan has higher premiums but offers the lowest out-of-pocket costs.

You'll want to carefully weigh your choices. That's because the premium for each plan level is just the "sticker" price; depending on your income, you may be eligible for tax credits that lower the cost of your coverage. You can go to [healthcare.gov](https://www.healthcare.gov) to get started. Also, the Kaiser Family Foundation provides an easy-to-use [calculator](#) to help you estimate the cost of coverage, including any available subsidies.

Monthly premiums for medical insurance before age 65 can be costly. To get the best coverage at the most affordable price, you'll want to explore all of your options, get a good estimate on your monthly premium costs and factor these into your retirement budget. The good news is that your costs for medical insurance are likely to fall once you're eligible for Medicare.

As important as health insurance is, keep in mind that it is one piece of your overall early retirement plan. After you have consulted with a health insurance professional to estimate the cost of health insurance, you will also need a plan to meet your other expenses once you stop working. This is where a financial representative's expertise can make a difference. A financial representative will discuss your goals for early retirement and then help you create a plan to meet them. This includes understanding your sources of retirement income, creating a budget to meet your everyday and periodic expenses, weighing your options for early retirement and helping to ensure your retirement savings last as long as you need them to.