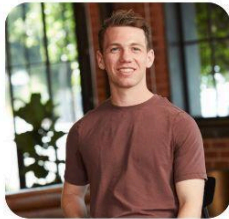


Navigating Health Insurance in Early Retirement

A Guide to Securing Your Health and Wealth



About The Authors



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Host of “early retirement” podcast and vice president at Root financial. The podcast has received over 1M+ downloads and is the leading podcast for those seeking to optimize their early retirement through holistic financial planning. Ari is a CFP and holds his MBA in financial planning. He loves helping people know when work becomes optional so they can pursue what’s most important in life - right in alignment with Root’s mission to help people get the most life out of their money.

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Cole Craven
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Cole lives in the Midwest with his wife Meghan and their 2 year old son, Porter. Throughout his time in the health insurance landscape, Cole has a cultivated a passion for creating empowered and informed healthcare consumers through effective healthcare planning. Cole co-founded Move Health after recognizing that financial advisors and their clients were under-resourced and uninformed in regards to healthcare planning despite healthcare being a top financial concern for Americans nearing retirement. As managing partner, Cole works everyday with the Move Health team to further their mission of making health coverage simple & clear.

Move Health exists to make health coverage simple & clear. They are the premier healthcare insurance planning firm utilized by forward-thinking advisors and their clients across the United States. Move Health has a unique focus on serving early retirees with expert health insurance and Medicare guidance.”

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Keep reading below if you love eBooks. If you prefer to hear a 15-20 minute conversation between Ari and the MoveHealth team going over healthcare benefits for an early retirement, check these out below:

- [5 Steps To Navigating Health Insurance](#)
- [How To Compare Roth Conversions v. ACA Subsidies](#)

Introduction

Welcome to a journey toward peace of mind in your early retirement. Making the decision to retire early is a significant achievement, signifying not just years of hard work but also the meticulous planning and financial prudence that has allowed you this freedom. However, with this freedom comes the challenge of ensuring that you remain healthy and financially secure and choosing the right health coverage in early retirement can play a big factor in that!

This guide is designed to navigate you through the complexities of health insurance in early retirement, from understanding basic health insurance terms to selecting the best plan for your needs. At Root, we have partnered with the team at [Move Health Partners](#) who believe in empowering early retirees with the knowledge and resources to make informed health coverage decisions. Their aim is not just to inform but to partner with you, ensuring that your health insurance plan aligns with your lifestyle, needs, and financial plans for retirement.

Chapter 1: Understanding the Basics of Health Insurance

Before diving into the specifics of health insurance for early retirees, let's establish a common understanding of some key health insurance terms and concepts. Health insurance can seem like a maze of terms and conditions, and to some, this chapter may seem elementary, but a clear understanding of these basics will serve as a foundation for making informed decisions later on in your journey.

Key Terms and Concepts

- Premium: The amount you pay for your health insurance policy on a regular basis, usually monthly.
- Deductible: The amount you must pay out of pocket before your insurance starts to cover its share of the costs.
- Copayment: A fixed amount you pay for a covered health care service, typically at the time of service.
- Coinsurance: Your share of the costs of a covered health care service, calculated as a percentage of the allowed amount for the service.
- Out-of-Pocket Maximum: The most you have to pay for covered services in a plan year. After you spend this amount on deductibles, copayments, and coinsurance, your health plan pays 100% of the costs of covered benefits.

How Individuals Access Coverage in the United States

As you transition into early retirement, understanding the landscape of health insurance is crucial, as you'll likely be moving from an employer-sponsored plan to an individual plan. Below is a breakdown of how people in the United States gain access to health coverage.

- **48.7%** of Americans get **employer-sponsored health insurance** through a job or their spouse's job.
- **21.2%** of the United States get coverage through **Medicaid**. Medicaid provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults and people with disabilities. The program is funded jointly by states and the federal government.
- **14.6%** of Americans access health coverage through **Medicare**. Medicare is a federally funded program for individuals that are 65 & older as well as those that have certain disabilities.
- **8%** of Americans are **uninsured** and go without health coverage.
- **6.3%** of the United States **purchase their own health insurance** coverage outside of a job & do not receive coverage through any government programs. This is likely the group you will fit into within early retirement!

Chapter 2:

Health Insurance Options for Early Retirees

Navigating the landscape of health insurance in early retirement can feel overwhelming, but knowing your options simplifies the process. This chapter will explore the various pathways available to you, including a detailed look at the ACA marketplace and other alternatives such as COBRA coverage, private insurance, and healthcare sharing programs. Understanding the pros and cons of each will empower you to make an informed decision that best suits your needs.

The ACA Marketplace: A Gateway to Comprehensive Coverage

The Affordable Care Act (ACA) marketplace is often the first stop for early retirees seeking health insurance. It offers a range of plans that cater to different health needs and budgets. Since the implementation of the ACA marketplace in 2014, participating insurance carriers can no longer calculate rates based on a consumer's health nor can they deny them coverage, making ACA-compliant plans the *only* plans in the individual health insurance market that will accept and cover consumers with major pre-existing conditions. Here's how to navigate the marketplace effectively:

Exploring Your Options

The ACA marketplace provides an online platform where you can compare various health insurance plans. Plans are organized into categories based on the actuarial percentage of healthcare costs they cover: Bronze, Silver, Gold, and (in some markets) Platinum. While Bronze plans have the lowest premiums, they also have higher out-of-pocket costs. Conversely, Platinum plans have the highest premiums but cover the most healthcare expenses. This doesn't necessarily mean that Bronze is the worst option and Gold is the best option. Healthcare usage, needs & several other variables dictate which option may be best for your unique needs.

Leveraging Advanced Premium Tax Credits

One of the most significant benefits of choosing a plan through the ACA marketplace is the availability of advanced premium tax credits (APTCs). Based on your relationship to the Federal Poverty Level (No, this doesn't mean you have to be low-income!), These tax credits are designed to make premiums more affordable for individuals and families utilizing ACA-compliant coverage. Your eligibility for APTCs depends on your modified adjusted gross income (MAGI), and these credits can be applied directly to your monthly premiums, reducing your out-of-pocket costs. In 2021, APTCs were expanded dramatically and now the cost of the benchmark silver plan in your area is limited to no more than 8.5% of your MAGI.

To maximize the benefit of APTCs, it's essential to accurately estimate your annual income when applying for health insurance through the marketplace. Underestimating your MAGI could result in owing money when you file your taxes, while overestimating could mean paying higher premiums throughout the year.

2024 Federal Poverty Levels Chart 2024							
Size of household	138%	150%	200%	250%	300%	400%	401% +
1	\$18,754	\$20,385	\$27,180	\$33,975	\$40,770	\$54,360	Subsidy available
2	\$25,268	\$27,465	\$36,620	\$45,775	\$54,930	\$73,240	Subsidy available
3	\$31,781	\$34,545	\$46,060	\$57,575	\$69,090	\$92,120	Subsidy available
4	\$38,295	\$41,625	\$55,500	\$69,375	\$83,250	\$111,000	Subsidy available
5	\$44,809	\$48,705	\$64,940	\$81,175	\$97,410	\$129,880	Subsidy available
6	\$51,322	\$55,785	\$74,380	\$92,975	\$111,570	\$148,760	Subsidy available
7	\$57,836	\$62,865	\$83,820	\$104,775	\$125,730	\$167,640	Subsidy available
8	\$64,349	\$69,945	\$93,260	\$116,575	\$139,890	\$186,520	Subsidy available
Percentage of your household income you'll pay for health insurance (after the American Rescue Plan Act of 2021)							
	0%	0%	2%	4%	6%	8.5%	8.5%
Cost Sharing Reduction available = reduced copays, deductibles and MOOPs							



Alternatives to the ACA Marketplace

While the ACA marketplace provides coverage that might work for most, it's not the only option for early retirees. Here's a brief overview of other health insurance avenues that Move Health Partners helps early retirees to explore to see if it might fit their individual needs more effectively (this list is no particular order):

COBRA Coverage

COBRA (also known as the Consolidated Omnibus Reconciliation Act) is a piece of legislation passed in 1986 that allows you to continue your employer-sponsored health insurance for a limited time after retirement, in most cases, 18 months. While COBRA coverage can provide a seamless transition by maintaining your current coverage, it's often significantly more expensive because you'll be responsible for the entire premium, including the portion previously covered by your employer + a 2% administrative fee.

Private Insurance

Purchasing health insurance directly from private insurers is another route. This option offers flexibility, as you're not limited to the open enrollment periods of the ACA marketplace. However, it's important to diligently compare plans and premiums, as costs can vary widely.

These plans may also include medical underwriting, which depending on health conditions and/or prescription medications taken, may rate up or deny you health insurance coverage.

Healthcare Sharing Programs

Health sharing ministries are cooperative groups that share healthcare costs among members with similar ethical or religious beliefs. While they can be more affordable than traditional insurance, they often come with limitations, such as caps on coverage and exclusions for pre-existing conditions. It's crucial to thoroughly understand the terms before joining.

State-Specific Considerations

Health insurance options and regulations can vary significantly from one state to another. Some states have their own healthcare marketplaces, while others use the federal facilitated marketplace (FFM) platform. Additionally, the availability of certain types of insurance and the regulations governing them can differ. While this guide provides a general overview, it's important to explore the specific options available in your state.

Chapter 4:

Assessing Your Healthcare Needs

As you transition into retirement, it's crucial to take stock of your healthcare needs to ensure you have the right coverage in place. Assessing your healthcare needs involves considering various factors, from your current health status to your anticipated medical expenses.

Understanding Your Current Health Status

Begin by assessing your current health status. Consider any existing medical conditions, ongoing treatments, and medications you require. Take note of any upcoming medical appointments or procedures that may impact your healthcare needs in the near future and make certain the coverage you choose meets those needs.

Anticipating Future Healthcare Expenses

Next, project your future healthcare expenses. This can feel like a tall task, but if you understand the financial exposure of your healthcare plan (like your out of pocket maximum, copays and premiums), this becomes much more manageable. Factor in routine medical costs such as preventive care and prescription medications which may or may not be subject to copays, and then factor in potential emergencies or unexpected medical events, which would likely apply towards your deductible.. Additionally, you may want to consider any planned lifestyle changes or activities that may affect your health, such as travel or hobbies (here's to picking up that skydiving hobby in retirement!). Having an understanding of the plan type you are on as well as

the financial exposure associated with that plan is crucial to helping you anticipate your healthcare expenses.

Evaluating Coverage Options

With a clear understanding of your healthcare needs, evaluate your coverage options. Review the benefits and limitations of each insurance plan available to you, whether through the ACA marketplace, COBRA, private insurance, or a healthcare sharing program. Consider factors such as premiums, deductibles, copayments, and coverage for pre-existing conditions.

Consulting with Move Health Partners

Navigating healthcare decisions in retirement can be complex, but you don't have to do it alone. [Move Health Partners](#) offers personalized guidance to help you assess your healthcare needs and select the right coverage for your situation. Their trained health plan advisors are available to listen to your concerns, answer your questions, and provide tailored recommendations based on your unique circumstances.

Chapter 5: Optimizing Your Retirement Finances—Roth Conversions and ACA Strategies

Many soon-to-be retirees face a double challenge: securing affordable health insurance before reaching Medicare eligibility (age 65) and managing retirement savings effectively. This chapter explores how strategic Roth conversions can enhance your financial picture and analyzes them in the context of potential subsidies under the Affordable Care Act (ACA).

The Power of Roth Conversions

Traditional IRAs and employer-sponsored retirement plans like 401(k)s offer tax-deferred growth, meaning you don't pay taxes on contributions until withdrawal. However, these withdrawals are taxed as ordinary income, potentially pushing you into a higher tax bracket during retirement.

A Roth conversion allows you to move funds from a traditional account to a Roth IRA. The key difference? You pay income tax on the converted amount upfront, but all future qualified withdrawals from a Roth IRA are tax-free. This strategy can be particularly beneficial for pre-65 retirees if:

- Your current tax bracket is lower than you expect in retirement. Early retirees often experience a dip in income, placing them in a lower tax bracket for the conversion.
- You plan to leave a legacy. Unlike traditional IRAs, which mandate required minimum distributions (RMDs) starting at age 73, Roth IRAs have no RMDs for the original owner. This allows your money to grow tax-free and potentially benefit your heirs with tax-free withdrawals.
- You anticipate needing more flexibility in retirement. Roth IRAs offer more control over your withdrawals. Unlike traditional IRAs, you can access your contributions (but not earnings) penalty-free at any time.

Roth Conversions vs. ACA Subsidies

The ACA provides income-based subsidies to help offset the cost of health insurance premiums on the Health Insurance Marketplace. These subsidies can be a lifeline for pre-65 retirees, but there's a crucial interplay with Roth conversions:

- **Taxable Income Matters:** ACA subsidies are based on your modified adjusted gross income (MAGI). Converting large amounts to a Roth IRA can increase your MAGI, potentially reducing or eliminating your subsidy eligibility.
- **Strategic Conversions:** Consider spreading out a large Roth conversion over several years to minimize the impact on your MAGI and maintain your ACA subsidy.

Making the Right Choice

Deciding between Roth conversions and maximizing ACA subsidies requires careful planning. Here are some tips:

- Check out this case study where I analyze this on YouTube in detail: [How to Prioritize Roth Conversions and Subsidies for Early Retirement!](#)
- Here's a video of when NOT to do Roth Conversions (not necessary for everyone): [5 Situations When You Should NOT Implement ROTH Conversions!](#)
- Here's a video of when it DOES make sense: [How Roth Conversions Can Save You Thousands](#)

Chapter 6:

Case Studies - Early Retirement Healthcare Planning In Action

In this chapter, we'll explore hypothetical scenarios of early retirees navigating the complexities of health insurance, showcasing the diverse strategies they employ to meet their healthcare needs. Through these examples, we'll highlight the pivotal role Move Health Partners plays in guiding individuals toward optimal health insurance solutions tailored to their unique circumstances.

Scenario 1: The Active Retiree

Meet Sarah & Doug, a healthy 58-year-old early retiree couple from North Carolina with a passion for adventure and outdoor activities. They enjoy hiking, skiing, and traveling. Given their active lifestyle, Sarah & Doug prioritize coverage that includes robust benefits for emergency medical care and network flexibility.

Strategy: With guidance from Move Health Partners, Sarah & Doug opt for a membership into a healthcare sharing program. This program provides sharing for emergency services, and out-of-network care while traveling. Move Health Partners assists Sarah & Doug in understanding the nuances of their healthcare sharing program, ensuring they're prepared for any healthcare needs that may arise during their adventures in early retirement.

Scenario 2: The Budget-Conscious Retiree

John, age 62, retired early with modest savings and a fixed income. Concerned about managing healthcare costs on a limited budget, John seeks affordable coverage without compromising on essential benefits.

Strategy: John works closely with Move Health Partners to explore his options. After assessing his healthcare needs and financial situation, Move Health recommends for John to enroll into a Silver-tier health insurance plan through the ACA marketplace, which offers a balance of reasonable premiums and out-of-pocket costs. Move Health Partners helps John maximize his savings by leveraging advanced premium tax credits based upon his MAGI, ensuring he understands his financial exposure and more importantly, how to use his health insurance coverage in early retirement.

Scenario 3: The Retiree with Pre-Existing Conditions

Lisa, age 60, retired early due to health concerns, including a pre-existing medical condition that requires ongoing treatment and monitoring. Through her employer coverage, she also provides health insurance to her Husband, Brian, who is age 66. Lisa worries about obtaining coverage that adequately addresses her healthcare needs without exorbitant out-of-pocket expenses. In addition to her own personal health concerns, she is concerned about navigating Brian's impending transition to Medicare.

Strategy: Move Health Partners offers personalized guidance to Lisa, educating and helping her to navigate the complexities of pre-existing conditions and coverage options available to her. Together, they explore different plans available through the ACA marketplace which will provide guaranteed issue coverage, focusing on those plans with comprehensive benefits and special features included for her specific pre-existing condition. With Move Health Partners' assistance, Lisa selects a plan that provides access to her preferred healthcare providers and ensures her medical needs are met affordably and comprehensively.

Move Health Partners also provided Lisa's husband, Brian, with a Medicare 101 session, first educating him on how Medicare works and what he may need in addition to traditional Medicare. With Move Health Partners assistance, Brian enrolled into a Medicare Supplement that compliments his Medicare Parts A&B as well as a Part D prescription drug plan. This path forward drastically reduced his annual medical expenses versus the employer plan he was on previously.

Chapter 7:

Exploring Enrollment Options for Health Insurance

When it comes to enrolling in health insurance, you have several options to consider. Each method offers its own set of advantages and considerations. In this chapter, we'll explore three primary enrollment avenues: enrolling with a broker, enrolling with a captive agent, and self-enrolling. Understanding the pros and cons of each can help you make an informed decision that aligns with your needs and preferences.

For complete transparency, our partner in health insurance, Move Health Partners, is a health insurance & Medicare broker. Move Health Partners is licensed across the country and their licensed health plan advisors *are not* compensated on enrollments into policies so you can rest assured they have your best interest in mind when guiding you to an early retirement healthcare plan option.

1. Enrolling with a Broker

Pros:

- **Expert Guidance:** Brokers are licensed professionals with in-depth knowledge of the health insurance market. They can provide personalized advice tailored to your specific situation.
- **Access to Multiple Plans:** Brokers work with multiple insurance carriers, giving you access to a wide range of plan options. They can help you compare plans and find the one that best meets your needs and budget.

- Assistance with Paperwork: Brokers handle the enrollment process on your behalf, simplifying paperwork and administrative tasks.
- There is no cost to utilize the services of a broker.

Cons:

- Potential Bias: *Some* brokers may have financial incentives to promote certain plans over others. It's essential to choose a broker you trust to act in your best interests.
- Limited Availability: Depending on your location, finding a qualified broker may be challenging, especially in rural areas with fewer options.

2. Enrolling with a Captive Agent

Pros:

- Specialized Knowledge: Captive agents work exclusively with one insurance company, allowing them to develop deep expertise in the plans offered by that carrier.
- Streamlined Process: Captive agents can provide efficient enrollment assistance, guiding you through the options available from their affiliated company.

Cons:

- Limited Plan Options: Since captive agents represent only one insurance company, you may have fewer plan choices compared to working with a broker.
- Potential Bias: Captive agents may be incentivized to promote the plans of their affiliated company, which may not always be the best fit for your needs.

3. Self-Enrolling

Pros:

- Independence: Self-enrolling allows you to research and compare plans independently, empowering you to make decisions based on your own preferences and priorities.

- **Flexibility:** With online enrollment platforms, you can enroll at your convenience, without needing to schedule appointments or work around someone else's availability.

Cons:

- **Complexity:** Navigating the health insurance market can be complex, especially for individuals with limited experience in insurance terminology and regulations.
- **Risk of Oversight:** Without expert guidance, there's a risk of overlooking important factors or making decisions that don't fully align with your needs.

Making Your Decision

Ultimately, the best enrollment option for you will depend on your individual preferences, comfort level with the insurance market, and the level of guidance you desire. Whether you choose to work with a broker, a captive agent, or opt for self-enrollment, the key is to prioritize finding a plan that offers the coverage you need at a price you can afford.

Conclusion

Congratulations on taking the proactive step towards securing your health and financial well-being in early retirement. As you've learned throughout this guide, healthcare planning is a critical aspect of retirement preparation, ensuring that you have the coverage you need to safeguard your health without derailing your retirement dreams.

Importance of Healthcare Planning

Healthcare costs can be one of the most significant expenses in retirement, and without adequate planning, they can quickly erode your savings and financial security. By understanding your healthcare needs, exploring your coverage options, and making informed decisions, you can mitigate risks and enjoy peace of mind knowing that you're prepared for whatever the future may hold.

The Role of Move Health Partners

Throughout this guide, we've emphasized the value of expert guidance and personalized service in navigating the complexities of health insurance. Move Health Partners is available to be your trusted partner in this journey, offering a wealth of knowledge, resources, and support to help you make the best decisions for your health and financial well-being .

Final Encouragement

As you move forward in your retirement planning journey, we encourage you to take the next step and reach out to Move Health Partners for expert guidance and personalized service. Whether you have questions about your coverage options, need assistance navigating the enrollment process, or simply want reassurance that you're making the right decisions, our team of trained health plan advisors is here to help.

Remember, you don't have to navigate the complexities of healthcare planning alone. [Move Health Partners](#) is committed to empowering you with the knowledge and resources you need to make informed decisions and enjoy a happy, healthy, and fulfilling retirement.

And if you need help creating a custom financial strategy, [Root Financial](#) would be honored to partner with you.