



# NAVIGATING HEALTHCARE IN RETIREMENT

What you need to know about planning for healthcare costs and long-term care.



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# HEALTHCARE COVERAGE IN CANADA

For Canadians, the foundation of healthcare coverage lies in the country's public healthcare system, Medicare. Understanding its nuances, coverage gaps, and supplemental options is essential for ensuring a secure and healthy retirement. In this guide, we delve into the intricacies of healthcare coverage for retirees in Canada, offering insights, tips, and strategies to navigate this complex terrain seamlessly.

Medicare is a publicly funded system that provides essential medical services to Canadians. Under Medicare, Canadians can access various healthcare services without facing direct charges at the point of care. This universal coverage ensures that every Canadian can access healthcare services based on need rather than ability to pay.



Medicare covers many healthcare services, including hospital stays, surgeries, physician services, and diagnostic testing. Additionally, it extends to certain preventative care measures and medically necessary procedures. However, it's essential to note that Medicare does not cover all healthcare expenses, leaving gaps that individuals need to address through supplemental coverage or out-of-pocket payments.

While Medicare is a federal program, its administration and implementation vary by province and territory. Each jurisdiction has its own set of guidelines and regulations governing healthcare delivery and coverage. These variations can influence the extent of coverage for certain services and may result in differences in access to healthcare resources across the country.

Seniors, children, and low-income families are eligible for supplemental coverage by the provinces and territories for services not usually covered under Medicare. These services include vision care, dental services, prescription drugs, ambulance services, and home care.

Those not qualifying for supplementary benefits must pay out-of-pocket for these services or purchase a private health insurance plan to cover these expenses.

## GAPS IN COVERAGE

Despite Medicare's comprehensive nature, significant gaps exist in coverage, particularly concerning services such as prescription drugs, dental care, and vision care. The rising costs of prescription drugs in Canada have become a pressing concern, placing financial strain on individuals, especially retirees living on fixed incomes.

Many Canadians have health insurance benefits through their employer and are accustomed to having some coverage for prescription drugs, dental services, vision care, and some paramedical services. But when you retire, that coverage ends, resulting in more out-of-pocket expenses for routine healthcare services.


In addition to prescription drugs, dental care, and vision care, seniors routinely require services that are generally not publicly funded. These include massage therapy, physiotherapy, mental health services, chiropractic services, wheelchairs and other medical equipment, hearing aids, and out-of-country emergency treatment.

In Nova Scotia, the Seniors' Pharmacare Program pays for some prescriptions, medical supplies, and devices, but the list is not exhaustive. To be eligible, you must live in Nova Scotia, have a valid Nova Scotia Health Card, be at least 65 years old, and not have any other prescription drug coverage.

These services represent a significant gap in coverage, so it is crucial that your retirement plan accounts for the likelihood of needing these services at some point in retirement years.



# FINANCIAL PLANNING STRATEGIES



Effective retirement planning requires careful budgeting for healthcare expenses. Estimating future healthcare costs, including potential out-of-pocket expenses and premiums for supplemental insurance, is crucial for maintaining financial stability in retirement. By incorporating healthcare expenses into your retirement budget and exploring tax-saving strategies, you can better prepare for your medical needs in retirement.

When you stop working, start drawing Canada Pension Plan (CPP) and Old Age Security (OAS) benefits, and how you will generate cash flow in retirement all affect how you plan for retirement healthcare expenses.

As we've discussed, the Seniors' Pharmacare Program in Nova Scotia, for example, will cover a percentage of certain prescription drug costs for retirees 65 and older. But if you plan to retire early, make sure your retirement plan accounts for the fact that provincial healthcare coverage will not begin until you turn 65 and that you will need other means to cover those costs.

Consider increasing contributions to your tax-advantaged accounts, like Tax-Free Savings Accounts, so your investments grow tax-free and any withdrawals you may need for healthcare-related expenses are tax-free.

When creating your financial plan, you must factor healthcare needs into your anticipated yearly expenses to ensure that your savings and investments are sufficient to cover these costs. You may go through years of being completely healthy and have a surplus of savings for those years, but it is better to plan for healthcare expenses and not incur them than to incur healthcare expenses and not be able to pay for them.



# SUPPLEMENTAL COVERAGE OPTIONS



In addition to savings and investment strategies, many Canadians opt for supplemental health insurance plans offered by private insurers to address the gaps in Medicare coverage. These plans provide additional coverage for services not included under Medicare. By purchasing supplemental insurance, you can mitigate the financial burden associated with these essential healthcare expenses.

Just like when you choose your benefits package through your employer, private insurance plans have multiple tiers based on the coverage you need. Basic coverage generally offers a percentage of coverage up to a predetermined amount on prescription drugs, vision care, and hospital stays. Premium coverage generally increases the maximum allowable claim amounts for those basic services and includes other services like dental care and paramedical services.

# LONG-TERM CARE PLANNING



As Canadians age, the need for long-term care becomes increasingly relevant. Whether it's nursing home care, assisted living facilities, or home care services, planning for long-term care needs is essential for ensuring quality of life and financial security in retirement.

Contrary to what you may think, long-term care is not funded by Canada's healthcare system. At best, the government may subsidize a small portion of care expenses if you meet certain income level criteria. That means you'll pay most long-term care expenses out-of-pocket.

In Nova Scotia, the Department of Health and Wellness pays for your healthcare costs while in a long-term care facility and you pay for accommodations and personal expenses.

The Department of Health and Wellness reviews accommodation charges annually. Residents who are unable to pay the full amount can apply to pay a reduced rate, subject to a financial assessment. Long-term care insurance can provide valuable coverage for some or all of these services, although eligibility criteria and costs vary between provinces.

Long-term care insurance benefits in Canada are tax-free and generally dispersed in one of two ways: the policy reimburses you for eligible expenses up to a predetermined amount, or the policy pays a pre-determined monthly benefit for a set period.

Like other insurance premiums, the cost of long-term care insurance depends on several factors, including age, health status, gender, and level of coverage. Generally, these policies are cheaper if you take them out when you are younger and healthy.

Only one insurance provider, Sun Life, currently offers traditional long-term care insurance in Canada.



# HEALTHY LIFESTYLE AND PREVENTION



While healthcare coverage of some kind is vital, adopting a healthy lifestyle and preventative measures can significantly reduce healthcare costs in retirement. Staying active, eating well, and not smoking can significantly reduce costly treatments for conditions like heart disease or diabetes.

Prioritizing mental wellness is another essential component of healthy aging. While many mental health services require out-of-pocket payment, publicly funded services are available for retirees who may be seeking lower-cost services. These include your primary care provider, walk-in clinics, and community services.

In addition to these services, retirees can maintain their mental well-being by staying active, connected with family, friends, and community, engaged with hobbies and passion projects, and maintaining a daily routine, including a healthy breakfast and a good night's sleep.

# HEALTHCARE RESOURCES



Staying informed about available healthcare resources for seniors is critical for accessing necessary support and services.

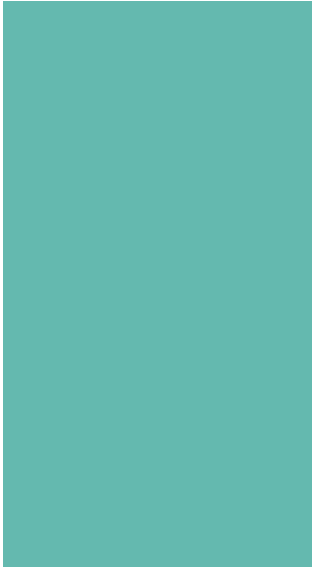
Government programs and initiatives aimed at supporting senior health, community resources, and advocacy organizations can offer valuable assistance to retirees navigating the complexities of healthcare. The [Government of Canada](#)'s website offers a comprehensive list of programs and services available to Canadian seniors, from caregiving benefits to health and safety resources to managing money.

The National Initiative for the Care of the Elderly (NICE) also has a helpful list of resources on [its website](#), ranging from links to government services to cybersecurity for seniors to mental health support.

Your financial advisor can guide you through the planning process, including what insurance, investment, and savings strategies are right for you based on your retirement goals so that healthcare expenses don't deplete your retirement income.



# CONCLUSION



Navigating healthcare in retirement requires a multifaceted approach that encompasses understanding public healthcare coverage, addressing coverage gaps through supplemental insurance, budgeting for healthcare expenses, planning for long-term care needs, prioritizing preventative care, and staying informed about available resources.

By incorporating these strategies into your retirement plan, you can enjoy a secure and fulfilling post-work life while maintaining your health and well-being.



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