INSURED AMERICAN & FAMILY


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# Retiring Before 65

### Bridge coverage between your job and Medicare

*COBRA isn't your only option. The wrong choice costs $20,000+ a year.*

## WHAT IT IS

If you retire before age 65 (when you'd qualify for Medicare), you need health coverage to bridge the gap. Most people default to COBRA, but COBRA usually costs full premium with no employer subsidy, often $1,500-$2,500/month for a couple. ACA Marketplace coverage with subsidies, private-market options like Short-Term Medical or Fixed-Benefit plans, and a spouse's employer plan are all real alternatives. The right path depends on your retirement age, income, health, and how many months until 65.

## COVERAGE OPTIONS

**COBRA**
Keep employer plan, full premium, up to 18 months

**ACA Marketplace + subsidy**
Income-based, often dramatically cheaper than COBRA

**Spouse's employer plan**
Worth looking at, their plan opens an SEP for you

**Short-Term Medical**
Healthy retiree, no chronic issues, lowest premium

**Fixed-Benefit / Indemnity**
Private market backup or supplement

## WHICH WINS WHEN

**COBRA wins**
Mid-treatment, hard-to-replace network, family deductible met

**ACA wins**
Income drop makes you subsidy-eligible (common in early retirement)

**Spouse plan wins**
When employer meaningfully subsidizes family coverage

**STM wins**
Healthy, no subsidy eligibility, short bridge (under 36 months)

**Combo wins**
STM as primary + Fixed-Benefit for hospital event protection

## THE 3 THINGS PEOPLE GET WRONG

1. **"COBRA is automatic and the easiest path."**
   True it's automatic, false it's the easiest financially. COBRA at full premium often costs 3-4x what an ACA subsidized plan costs. Always run the math before defaulting to COBRA.

2. **"I make too much in retirement income to qualify for an ACA subsidy."**
   Often false. ACA subsidies are based on AGI. If you're not pulling much from taxable accounts (using Roth, cash, or low-income years), you may qualify for substantial subsidies. Run your projected AGI through Healthcare.gov.

3. **"Private market options aren't 'real' insurance."**
   Misleading. Short-Term Medical with a high deductible uses real PPO networks and covers major medical events. Fixed-Benefit covers specific dollar amounts per service. Both are legitimate bridge options for the right person, typically healthy retirees without subsidy eligibility. Not ACA-compliant, but still real coverage.

## THE INCOME-PLANNING WINDOW

Early retirement is one of the few times most people can intentionally lower their taxable income to qualify for ACA subsidies. Drawing from cash, Roth, or HSA accounts (instead of traditional IRAs) can keep your AGI low enough to unlock significant subsidies during the 1-5 years before Medicare. Combined with the Cost-Sharing Reductions for Silver plans at 100-250% FPL, the right ACA plan can cost a fraction of COBRA. This planning window closes at 65 when Medicare takes over, so use it intentionally while you have it.



**Retiring before 65? Call or text Craig, I'll run the full math on COBRA vs. ACA vs. private market against your actual income and health.**

***Don't go underinsured when you can be Insured AF.***