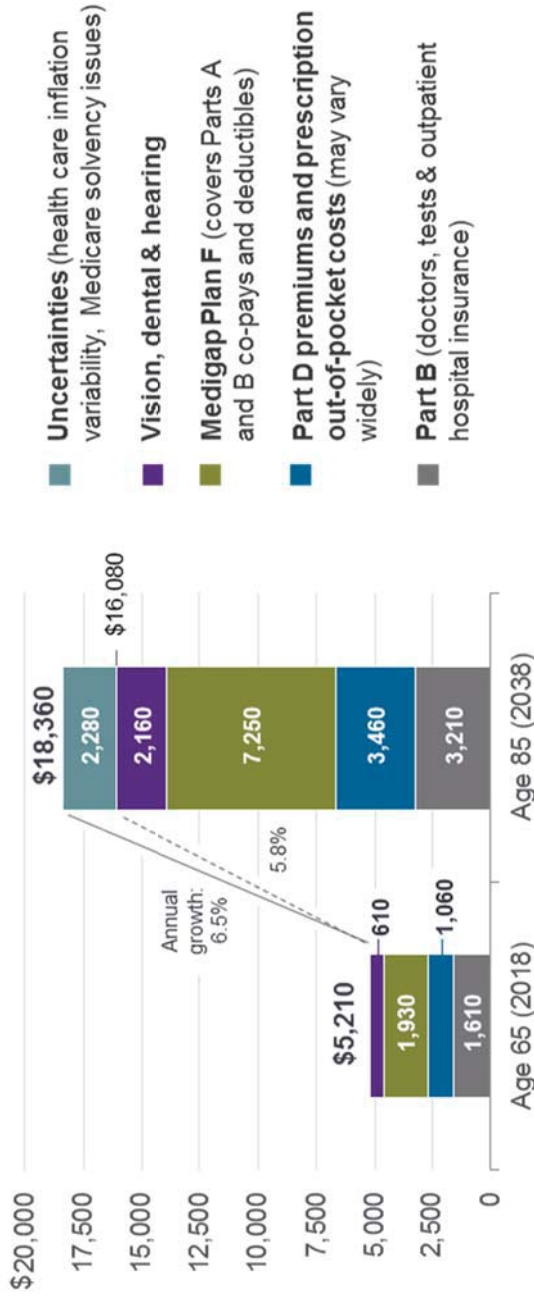


Traditional Medicare estimated median health care costs per person



A GROWING CONCERN

Given variation in health care cost inflation from year to year, it may be prudent to assume an annual health care inflation rate of 6.5%, which may require growth as well as current income from your portfolio in retirement.

2018 additional premium per person for Modified Adjusted Gross Incomes (MAGI) of:

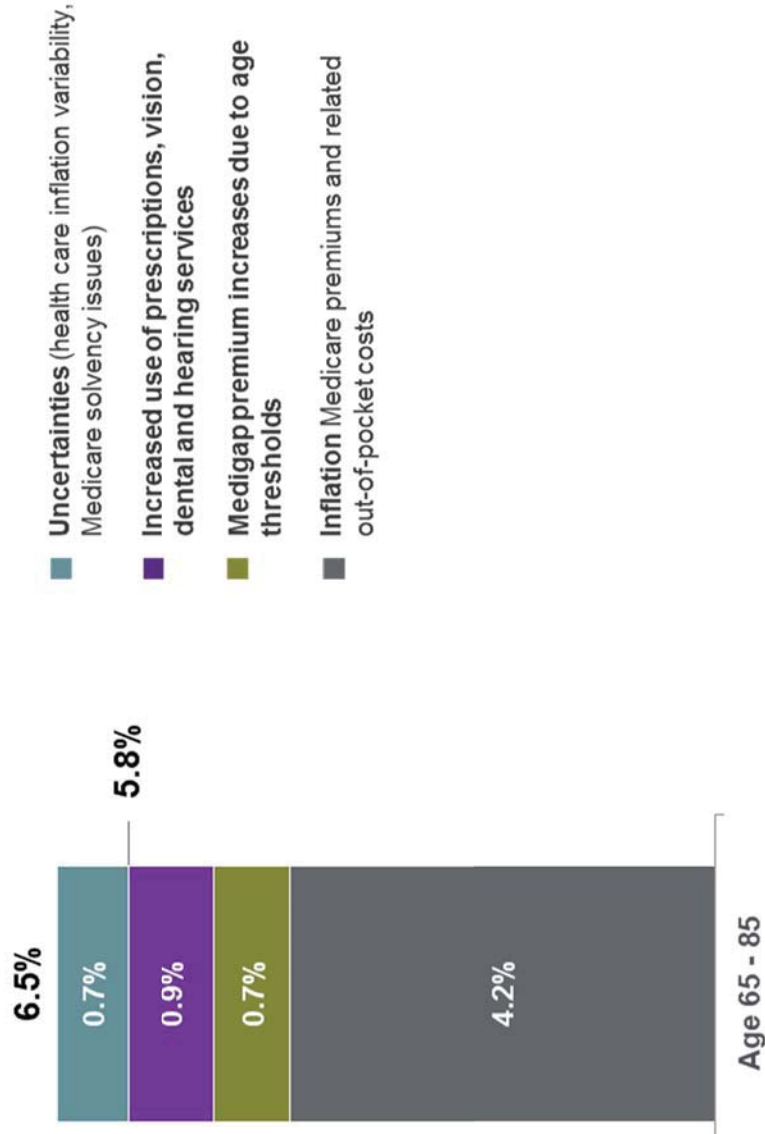
FILING SINGLE	MARRIED FILING JOINTLY	ADDITIONAL PREMIUM	TOTAL MEDIAN COSTS
\$85,001 – \$107,000	\$170,001 – \$214,000	\$798	\$6,008
107,001 – 133,500	214,001 – 267,000	2,010	7,220
133,501 – 160,000	267,001 – 320,000	3,222	8,432
>160,000	>320,000	4,433	9,643

Notes: Age 85 estimated total median cost in 2018 is \$7,097. Medigap premiums usually increase due to age, in addition to annual inflation, except for most policies in the following states: AR, CT, MA, ME, MN, NY, VT WA, AZ, FL, ID and MO. Analysis includes the most comprehensive and expensive plan available in each state.

Parts B and D additional premiums are calculated from federal tax returns two years prior; individuals may file for an exception on form SSA-44 if they reduce or stop work. For the definition of MAGI, please see slide 41.

Source: Employee Benefit Research Institute (EBRI) data as of December 31, 2017; SelectQuote data as of January 18, 2018; Centers for Medicare and Medicaid Services website, January 22, 2018; CMS Annual Release of Part D National Average Bid Amount, July 31, 2017; 2017 Medicare Trustees Report, July 13, 2017; Consumer Expenditure Survey data as of December 31, 2017; J.P. Morgan analysis.

Long-term projected average annual Medicare cost increases for individuals



GET MEDICARE INFLATION RIGHT

When planning for Medicare costs in retirement, consider using:

- 4.2% until you start Medicare at age 65 to account for annual cost increases
- 6.5% at age 65 and older to also adjust for increases related to age and uncertainties

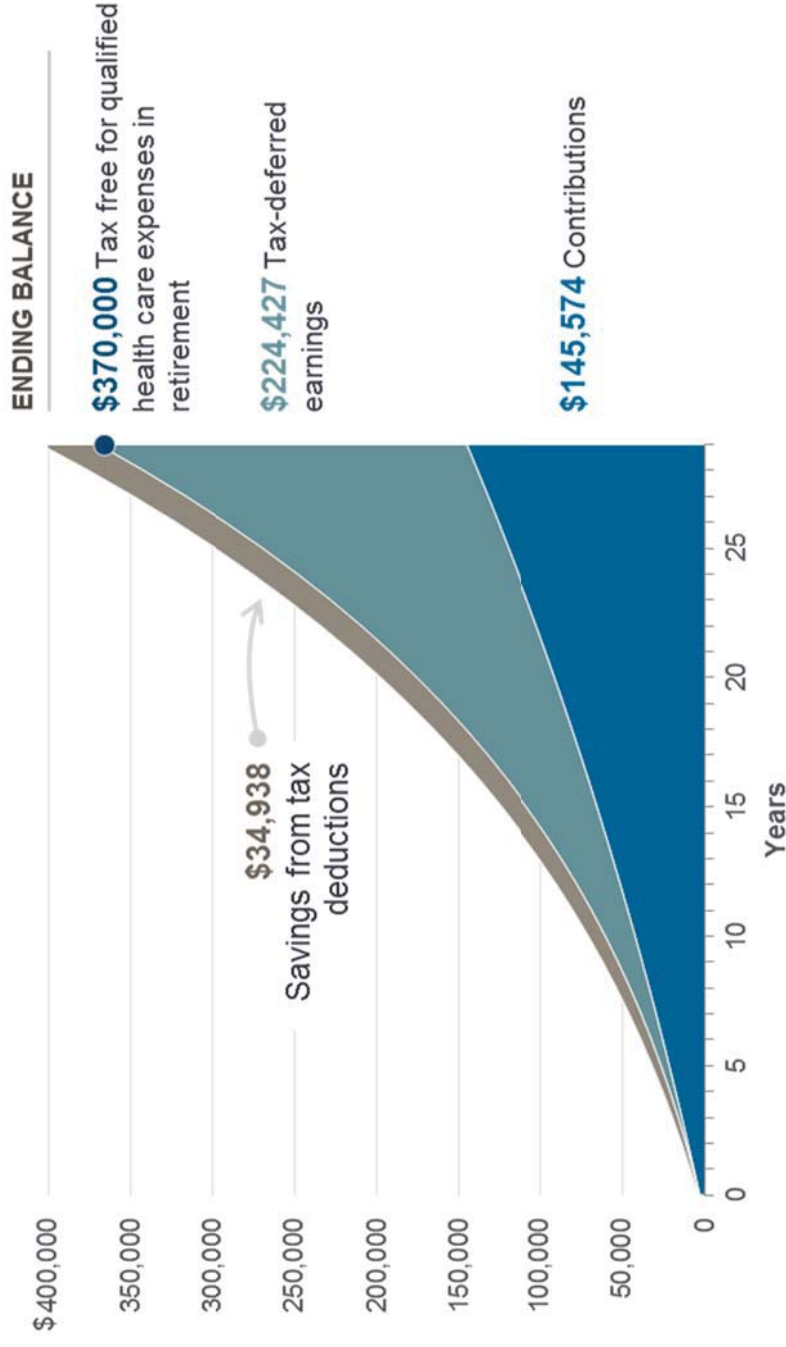
Note: Excludes government costs. National weighted average by state population used to estimate Medigap age-related premium increases; these will vary by geography. Medigap premiums usually increase due to age, in addition to annual inflation, except for most policies in the following states, which are community rated (all ages experience the same rates): AR, CT, MA, ME, MN, NY, VT, WA, and the states that are mostly issue-age rated (rates are the same for all who first purchased at a particular age): AZ, FL, GA, ID, MO and NH. Analysis includes the most comprehensive Medigap plan available in each state.

Source: Employee Benefit Research Institute (EBRI) data as of December 31, 2017; SelectQuote data as of January 18, 2018; Centers for Medicare and Medicaid Services website, January 22, 2018; CMS Annual Release of Part D National Average Bid Amount, July 31, 2017; 2017 Medicare Trustees Report, July 13, 2017; Consumer Expenditure Survey data as of December 31, 2017; J.P. Morgan analysis.

Maximizing an HSA for health care expenses in retirement

Health Savings Account (HSA) savings are triple tax advantaged¹

Maximum annual individual contributions, 6% return and 24% marginal tax rate



MAKE THE MOST OF IT

If you are enrolled in a high-deductible health plan, be sure to contribute to an HSA.

Investing your HSA contributions for the long term and paying for current health care expenses out of income or short-term savings can provide significant tax-free funds for health care expenses in retirement.

¹ Must have a qualifying high-deductible health plan to make contributions. After age 65 funds in the HSA may be withdrawn tax free for qualified medical expenses or withdrawn at ordinary income tax rates for other expenses. See IRS Publication 502 for details. The above example is for illustrative purposes only and not indicative of any investment. Federal taxes; states may differ. Does not include account fees. Present value of illustrated HSA after 30 years is \$189,803. If the annual tax deduction is invested with an after-tax return of 4.56%, the cumulative hypothetical return is \$34,809. Assumes cash or income used for health care expenses is not withdrawn from an account with a tax liability. The example assumes the HSA is fully invested; if \$2,000 was held in a cash account the illustrated cumulative HSA account value would be \$360,516. 2018 contribution limit is \$3,450 adjusted for inflation of 2.25% for 30 years. HSA contributions made through payroll deduction or qualified employer 457 cafeteria plans may also avoid federal payroll and unemployment taxes unless you are self-employed. These tax reductions may result in lower Social Security and unemployment insurance benefit amounts. Contributions outside of an employer plan are generally tax deductible but do not avoid payroll and unemployment taxes. This is not intended to be individual tax advice; consult your tax advisor.