

# NEWS BRIEF

Provided by: National Insurance Services

## Study: Retirees Will Need Six-figure Savings to Cover Post-retirement Medicare Costs

A recent [study](#) conducted by the Employee Benefit Research Institute (EBRI) found that retirees will need to have hundreds of thousands of dollars in savings to cover Medicare costs. Such costs include premiums, deductibles and prescription drug expenses—essentially any costs that could be out-of-pocket for Medicare beneficiaries.

Research for the study was conducted using a simulation model. This means that variable factors, such as mortality and rates of return on assets, were considered. Then, the amount of money beneficiaries need to put away to cover out-of-pocket costs was determined. Here are the findings from the study:

- The average projected amount couples will need to have a 90% chance of covering post-retirement medical costs is \$318,000 in savings.
- Women are projected to need more savings than men. A woman will need to have around \$197,000 saved to pay for health care costs in retirement.
- A man will need \$166,000 to meet his health care spending requirements in retirement.
- A couple with high prescription drug expenses—in a severe case—will need to have saved around \$383,000 to have a 90% chance of being able to cover their health care expenses after retirement.
- Those enrolled in Medicare Advantage plans generally have lower savings requirements.

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*“The results from the EBRI’s projection model indicate that health care costs incurred by Medicare beneficiaries are high.”*

- *Jake Spiegel, a research associate in Health and Wellness Benefits at EBRI*

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### Conclusion

It’s important to remember there is variation within the data and these are projected costs of health care. This means that prices for health care for retirees will vary.

For further information on Medicare costs for retirees, stay alert for updates from National Insurance Services.

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