



## Fast Facts from EBRI

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### Americans Estimate Savings Needed for Health Care in Retirement

WASHINGTON—As access to employer-provided retiree health insurance declines and potential Medicare benefits decrease (given the program’s projected funding shortfall), new retirees are likely to find themselves increasingly responsible for the cost of their own health care in retirement.

However, the 2007 Retirement Confidence Survey shows that some workers may not be adequately factoring these costs into their retirement planning. About 1 in 10 workers think they will need to accumulate less than \$50,000 to cover these costs in retirement (12 percent) and 2 in 10 each think they will need \$50,000–\$99,999 (20 percent) and \$100,000–\$249,999 (20 percent). Less than one-quarter think they will need at least \$250,000. Almost one-quarter of workers have no idea how much they will need (23 percent).

One recent study calculated that, assuming Medicare benefits remain at current levels, couples will need about \$300,000–\$500,000 to cover health expenses in retirement.

One reason people may underestimate the amount of money needed to cover retiree health-related costs is that many workers do not think they will ever need long-term care. Only 1 in 10 think it is *very* likely they will need long-term care at some point in their lives (10 percent), but studies have found that 30–40 percent of those reaching age 65 will use nursing home care before they die.

The following chart shows the amount workers and retirees estimate they will need to cover health care expenses in retirement.

#### Self-Reported Savings Needed to Cover the Cost of Health Care, by Total Accumulation Needs

	All Workers	Worker Total Accumulation Needs			Retirees
		<\$250,000	\$250,000– \$999,999	\$1 million +	
Less than \$50,000	12%	23%	9%	7%	31%
\$50,000–\$99,999	20	27	22	12	19
\$100,000–\$249,999	20	22	27	21	14
\$250,000–\$499,999	11	6	17	12	2
\$500,000–\$999,999	8	4	9	16	1
\$1 million +	5	2	2	19	1
No idea	23	17	13	12	31

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2007 Retirement Confidence Survey.

The Retirement Confidence Survey is sponsored by the nonpartisan Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, a survey research firm. Full survey results are available at: <http://www.ebri.org/surveys/rcs/2007/>.

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