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## Retiree Health: Impact of Time on Savings Needs

WASHINGTON—How much more will individuals retiring 10 years from now (in 2019) need in savings to cover expected health expenses in retirement than those who leave their jobs this year?

According to the June 2009 *EBRI Notes*, a 65-year-old man retiring in 2009 who has employment-based retiree health benefits to supplement Medicare but whose former employer *does not subsidize premiums*—an increasingly common situation—would need \$111,000 in savings if he wanted a 50 percent chance of having enough money to cover health care expenses in retirement.

In 2019, a 65-year-old man who paid the entire premium for health benefits through a former employer would need \$186,000 in savings if he wanted a 50 percent chance of having enough money to cover retirement health care expenses. The chart also shows the amounts needed for a 75 percent and 90 percent chance of having enough savings to cover retiree health care costs under the situations described above. Women would need more because they are likely to live longer.

### Savings Needed for Employment-Based Health Premiums, Medicare Part B Premiums, and Out-of-Pocket Costs for Retirement at Age 65 in 2009 and 2019

	No Employer Subsidy of Premiums <b>2009</b>	No Employer Subsidy of Premiums <b>2019</b>
<b>Men</b>		
• Median	<b>\$111,000</b>	<b>\$186,000</b>
• 75 <sup>th</sup> percentile	168,000	282,000
• 90 <sup>th</sup> percentile	217,000	364,000
<b>Women</b>		
• Median	<b>159,000</b>	<b>266,000</b>
• 75 <sup>th</sup> percentile	209,000	350,000
• 90 <sup>th</sup> percentile	266,000	446,000
<b>Married couple</b>		
• Median	<b>268,000</b>	<b>449,000</b>
• 75 <sup>th</sup> percentile	346,000	580,000
• 90 <sup>th</sup> percentile	414,000	694,000

Source: June 2009 *EBRI Notes*. Authors' simulations based on assumptions in the text.

The full June 2009 *EBRI Notes*, with more details about the savings needed to cover retiree health care costs and the assumptions used in arriving at these amounts, is available at [www.ebri.org](http://www.ebri.org)

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