

At a Glance | October 22, 2018

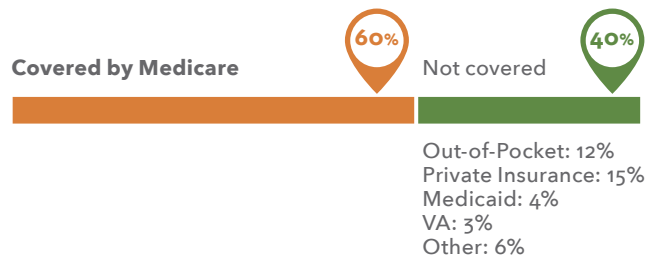
Retirees Need More Savings for Expenses Not Covered by Medicare

PAYMENT SOURCES

Medicare was not designed to cover health care expenses in full. EBRI estimates that in 2015, Medicare covered just 60% of expenses for noninstitutionalized beneficiaries aged 65 and up.

Payment Sources for Incurred Health Care Expenses¹

2015



SAVINGS TARGETS

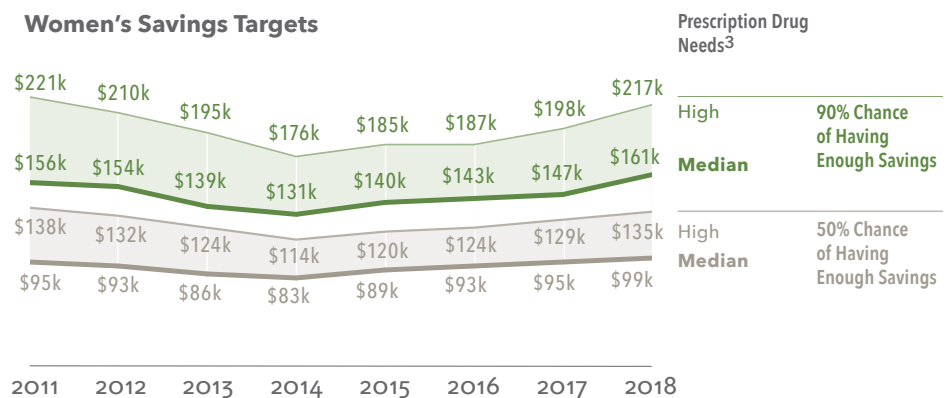
Individuals should be concerned about saving for health insurance premiums and out-of-pocket expenses.

In the future, retirees will likely have to cover more of their health costs because of the financial condition of the Medicare program. The percentage of private-sector establishments offering retiree health benefits has been falling. This is also true in the public sector.

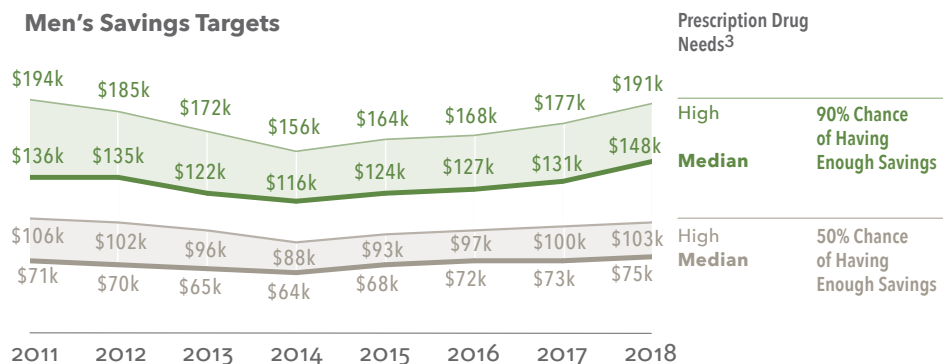
Savings Needed for Premiums and Out-of-Pocket Drug Expenses²

2011-2018

Women's Savings Targets



Men's Savings Targets



1. EBRI estimates from the 2015 Medical Expenditure Panel Survey. 2. Author simulations based on assumptions described in *EBRI Issue Brief, No. 460*. 3. Prescription drug needs were evaluated at a "high" level such that retirees were at the 90th percentile of prescription drug expenses throughout retirement, and they were evaluated at the median level.