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.

**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.

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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.

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