

At a Glance | June 18, 2020

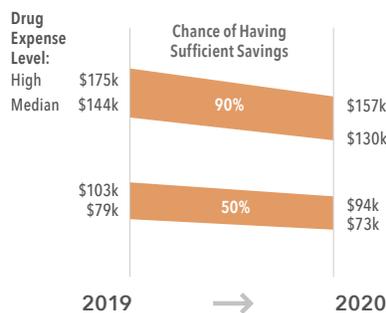
Projected Savings Needed for Health Expenses Decreased in 2020. We Explain Why.

RETIREMENT SUCCESS TARGETS

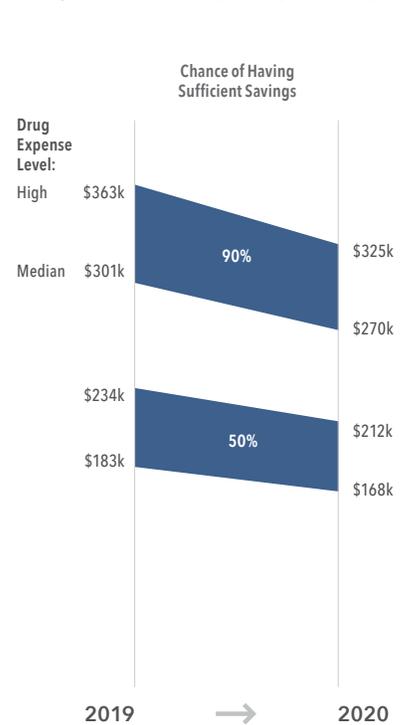
The predicted saving targets for Medicare beneficiaries to cover health premiums, deductibles, and certain other health expenses in retirement have fallen between 8 and 10 percent since 2019. These are the biggest declines we have seen since 2013.

Savings Targets to Cover Premiums and Prescription Drug Expenses in Retirement By Median and 90 Percent Success Rate and Level of Prescription Drug Needs at Age 65

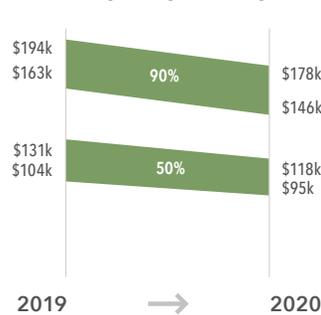
Men's Savings Targets at Age 65
Range: From Median to High Drug Expense



Couple (M/F) Savings Targets at Age 65



Women's Savings Targets at Age 65



REASONS FOR DECREASE

The Medicare Trustees make an adjustment each year to re-establish the baseline for out-of-pocket spending associated with prescription drug use. In 2020, they reduced projected costs for Medicare Part D premiums and out-of-pocket expenses.

Changes to the Medicare Trustees Cost Projections

	2019	2020	Change
Medicare Part D Premium	\$51/mo	\$45/mo	-13%
Medicare Part D Deductible	\$670	\$615	-8%

Note: EBRI made a one-time change to our model. Because Medigap Plan F is no longer available to new beneficiaries, we now use Medigap Plan G premiums. Premiums for Plan G in 2020 were about 25 percent lower than Plan F premiums in 2019. This change also reduces savings targets.

SOURCE: Paul Fronstin and Jack VanDerhei, "A Bit of Good News During the Pandemic: Savings Medicare Beneficiaries Need for Health Expenses Decrease in 2020," EBRI Issue Brief, no. 506 (Employee Benefit Research Institute, May 28, 2020).

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