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Press Release

Milliman Retiree Health Cost Index: A 65-year-old couple needs \$395,000 in savings for healthcare in retirement

SEATTLE – JULY 24, 2024 – Milliman, Inc., a premier global consulting and actuarial firm, recently released its 2024 Retiree Health Cost Index which projects how much money, on average, a healthy 65-year-old can expect to spend on healthcare costs in retirement. The index explains how factors like when a person retires, where a person lives, and which coverage a person chooses will impact the total cost of premiums and out-of-pocket expenses.

The two most common healthcare coverage options chosen by Medicare-eligible retirees are Medicare Advantage Part D (MAPD) and Original Medicare with Medigap plus Part D. A healthy 65-year-old male retiring in 2024 with an MAPD plan is projected to spend \$128,000 on healthcare in his remaining lifetime. A female with the same coverage is projected to spend \$147,000 in her remaining lifetime. The difference in cost is largely because women on average live longer than men.

Under Original Medicare with Medigap plus Part D instead, these projections increase to \$281,000 for a male and \$320,000 for a female, or a combined total of \$601,000 for a 65-year-old couple. In today's dollars (assuming a 3% investment return), this reflects \$395,000 in savings needed.

		TOTAL SPEND	SAVINGS NEEDED*
ORIGINAL MEDICARE PLUS MEDIGAP (PLAN G) PLUS PART D PLAN	MALE	\$281,000	\$188,000
	FEMALE**	\$320,000	\$207,000
MEDICARE ADVANTAGE PLUS PART D PLAN	MALE	\$128,000	\$86,000
	FEMALE**	\$147,000	\$96,000

* This is the amount of savings (net of taxes) needed at age 65 to pay a retiree's remaining lifetime "total spend", assuming an investment return of 3.0% per year.

** Higher female costs are largely a result of a longer life expectancy compared to males.

In 2024, Medicare Advantage costs decreased about 4% and Medigap costs increased about 2% when compared to 2023. The largest drivers of these changes include:

- Increased drug spending, including weight-loss and diabetes drugs such as Ozempic and Jardiance
- Higher Medicare Part B premiums
- Lower MAPD premiums and out-of-pocket costs
- The Inflation Reduction Act, which required changes to Medicare Part D

"Healthcare expenses are an important and sometimes overlooked component of retirement planning," said Robert Schmidt, a Milliman principal and co-author of the Retiree Health Cost Index. "By taking a realistic look at their health status and healthcare expenses, and then budgeting accordingly, people can take steps to enjoy a less stressful, financially healthier retirement."

To view the complete Retiree Health Cost Index, visit <https://www.milliman.com/retireehealthcosts>.

About Milliman

Milliman is among the world's largest providers of actuarial, risk management, and technology solutions. Our consulting and advanced analytics capabilities encompass healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. Visit us at [milliman.com](https://www.milliman.com).

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