2023 Reference Guide

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IRAs & Qualified Plans

Contribution Limits	
IRA or Roth IRA contribution limit	$6,500
IRA or Roth IRA catch-up (age 50 or older)	$1,000
Traditional IRA deduction phaseout	
Participants in a retirement plan	
Single	$73,000 - $83,000
Married filing jointly	$116,000 - $136,000
Married filing separately	$0 - $10,000
Spousal IRA	$218,000 - $228,000
Roth IRA phaseout	
Single	$138,000 - $153,000
Married filing jointly	$218,000 - $228,000
Qualified Plans	
Elective deferrals to 401(k), 403(b), 457, and SARSEPs	$22,500
Catch-up contribution (age 50 or older)	$7,500
Defined contribution plan limit (Section 415(c)(1)(A))	$66,000
Defined benefit plan limit (Section 415(b)(1)(A))	$265,000

Simple IRA & SEP IRA

SEP IRA contribution limit	Lesser of $66,000 or 25% of compensation
SIMPLE Plan contribution limit	$15,500
Catch-up contribution (age 50 or older)	$3,500
Maximum compensation limit for retirement plans	$330,000
Key employee (top-heavy plans)	Above $215,000
Highly compensated employee	$150,000

Health Savings Account

Minimum Deductible Amount	
Single	$1,500
Family	$3,000
Maximum Out-of-Pocket Amount	
Single	$7,500
Family	$15,000
HSA Contribution Limit	
Single	$3,850
Family	$7,750
Catch-up contribution (age 55 or older)	$1,000

Education

Coverdell Education Savings Accounts	
Contribution limit	$2,000
Single phaseout	$95,000 - $110,000
Married filing jointly phaseout	$190,000 - $220,000
Lifetime Learning Credit - 20% of qualified expenses	
Expense limit	$10,000
Single phaseout	$80,000 - $90,000
Married filing jointly phaseout	$160,000 - $180,000

529 Plans

Eligible for college, apprenticeship, and trade school expenses, and up to $10,000/year for private K-12 tuition. A lifetime limit of $10,000 each can be used to repay the student loans of the beneficiary and each of his/her siblings.

Capital Gains & Qualified Dividends

For 2023, rates are applied to taxable income levels:

Tax Rate	Single	Married Filing Jointly	Trusts & Estates
0%	$0 - $44,625	$0 - $89,250	$0 - $3,000
15%	$44,625 - $492,300	$89,250 - $553,850	$3,000 - $14,650
20%	over $492,300	over $553,850	over $14,650

(Short-term capital gains are taxed at income tax rates)

Medicare contribution tax on investment income*: 3.8%

*Tax is applied to the lower of net investment income or modified adjusted gross income over certain thresholds ($250,000 joint filers/$200,000 single/$14,450 Trusts and Estates).

Income Tax Rate Schedules

If Taxable Income Is:		Then the Gross Tax Payable Is:		
Over	But not over	Amount	Plus (%)	Of the amount over
Single Taxpayers				
$0	$11,000	---------10% of taxable income----------		
$11,000	$44,725	$1,100	12%	$11,000
$44,725	$95,375	$5,147	22%	$44,725
$95,375	$182,100	$16,290	24%	$95,375
$182,100	$231,250	$37,104	32%	$182,100
$231,250	$578,125	$52,832	35%	$231,250
$578,125	-	$174,238.25	37%	$539,900
Married Filing Jointly				
$0	$22,000	--------10% of taxable income----------		
$22,000	$89,450	$2,200	12%	$22,000
$89,450	$190,750	$10,294	22%	$89,450
$190,750	$364,200	$32,580	24%	$190,750
$364,200	$462,500	$74,208	32%	$364,200
$462,500	$693,750	$105,664	35%	$462,500
$693,750	-	$186,601.50	37%	$693,750

The income tax brackets for Married Filing Separately are half of the amounts for Married Filing Jointly. The brackets for Heads of Households generally fall between the brackets for single and joint filers.

Trusts & Estates				
$0	$2,900	--------10% of taxable income----------		
$2,900	$10,550	$290	24%	$2,900
$10,550	$14,450	$2,126	35%	$10,550
$14,450	-	$3,491	37%	$14,450

Kiddie tax: In 2023, the parent's marginal tax rate is used for a dependent child's unearned income over their deduction amount.

Income Tax Deductions and Credits

Single	$13,850
Married filing jointly	$27,700
Head of household	$20,800
Married filing separately	$13,850
Child Tax Credit	
Qualifying Child (Children under age 17)	$2,000
Dependents not eligible for Qualifying Child	$500
Single phase out begins at	$200,000
Married filing jointly phase out begins at	$400,000
Elderly (over age 65) or blind additional deduction	
Single	$1,850
Married	$1,500

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Estate & Gift Tax

Individual estate tax exclusion (Federal) (Any unused amount can transfer to a surviving spouse)	$12,920,000
Maximum estate tax rate	40%
Gift tax exclusion	$12,920,000
Generation-skipping exclusion	$12,920,000
Annual gift tax exclusion (per recipient)	$17,000
Lump sum accelerated gift to a 529 plan (5-year rule)	$85,000

States with an estate tax and/or inheritance tax: CT, DC, HI, IL, IA, KY, ME, MD, MA, MN, NE, NJ, NY, OR, PA, RI, VT, and WA

Alternative Minimum Tax (AMT)

Status	Exemption	Phaseout
Single	$81,300	$578,150
Married filing jointly	$126,500	$1,156,300
Alternative Minimum Tax Rates		
	26% up to $220,700 of AMT base	
	28% over $220,700 of AMT base	

Social Security

Social Security wage base	**$160,200**
Social Security cost-of-living adjustment	8.7%
Quarter of coverage (earnings for Social Security)	$1,640
Maximum benefit (worker retiring at FRA)	$3,627
Estimated average monthly benefit	$1,827

Social Security benefits are reduced if someone receives benefits and continues to work. The benefit is reduced $1 for every $2 or $3 earned above $21,240 ($1,770/mo.) in years prior to FRA and $56,250 ($4,710/mo.) in the year FRA is reached, respectively. There is no reduction at FRA.

For additional information about Social Security, please see Manning & Napier's 2023 Social Security Guide.

Businesses/Business Owners

For 2023, net business income is taxed at the following rates:	
Corporations (C-Corps and similarly treated LLCs)	
Corporate income tax rate:	21%**
Accumulated Earnings tax rate (plus interest):	20%*

Dividends paid to shareholders are taxable to them at ordinary income or capital gains tax rate(s), depending on the type of dividend.

*On retained earnings in excess of $250,000 ($150,000 for personal service corps.), except if to meet reasonable business needs.

**Certain large corporations (income >$1Billion) subject to new AMT starting 2023. Remains no AMT for small & mid corportations.

Pass Through Entities (Sole Props, Partnerships, S-Corps, and similarly treated LLCs)	
Net business income is reported by the owner(s) and is taxed at his/her tax rates	
Self-Employment Tax on wages, tips and net earnings	
Medicare Tax (on total amount)*:	2.9%
Social Security Tax (on the first $160,200):	12.4%
Deduction for qualified business income**:	20.0%

*An Additional Medicare Tax of 0.9% is applied to amounts over certain thresholds ($250,000 joint filers/$200,000 single filer).

**The deduction is limited to the lesser of 20% of QBI or 20% of the owner's taxable income. Subject to phase out depending on the type of services provided if income is over $364,200 (joint) or $182,100 (single) as of 2023.

Important Dates & Deadlines

Deadlines for Traditional IRAs, Roth IRAs, and SEP IRAs	
2022 Contributions	April 18, 2023
2023 Contributions	April 16, 2024
2023 Roth IRA Conversions	December 29, 2023
Required Minimum Distributions (RMDs)	
Age of IRA holder:	**First RMD Deadline:**
Turned 72 in 2022	March 31, 2023*
Turned 73 in 2023	April 1, 2025*

*Subsequent RMDs must be taken by December 31 of each year. SECURE Act 2.0 changes RMD age to 73 for those not yet age 72 as of January 1, 2023.

2022 Tax Form Mailing Deadlines for Custodians	
Form 1099-R (Retirement Account Distributions)	January 31, 2023
Consolidated Form 1099s (Taxable Accounts)	February 15, 2023*
*Extended deadline for accounts holding certain securities (REITs, WHFITs, CMOs)	March 15, 2023
Form 5498 (Retirement Account Contributions)	May 31, 2023

2023 Estimated Tax Payments	
For the period	**Due date**
January 1 - March 31	April 18, 2023
April 1 - May 31	June 15, 2023
June 1 - August 31	September 15, 2023
September 1 - December 31	January 15, 2024

New Major Legislation for 2023: SECURE Act 2.0

Consolidated Appropriations Act of 2023 (Signed into law on 12/29/2022)

- RMD starting age increased to 73 in 2023 (for those not yet 72 as of 12/31/22), and to 75 in 2033.
- IRA owners may make a one-time Qualified Charitable Distribution (QCD) of up to $50,000 to a Charitable Remainder Trust (CRUT/CRAT) or Charitable Gift Annuity.
- The 50% penalty for a missed RMD is reduced to 25%, or 10% if fixed within a timely matter.
- Employers may add a Roth option to SEPs and SIMPLE IRAs.
- Plans may allow employees to elect that employer contributions and matches be made on a Roth vs. a pre-tax basis (previously only pre-tax were allowed).
- Plan start-up costs credit increased from 50% to 100% for employers with less than 50 employees with a phased-out credit for 51–100 employees.
- 403(b) plans can participate in multiple employer plans (MEPs).

SECURE Act 2.0 Provisions Going into Effect 2024 or 2025

- Higher catch-up contribution limit for Plan participants ages 60 to 63 (150% of normal catch-up amount).
- Catch-up contributions (except to IRAs) must be made on a Roth/after-tax basis if employee's wages exceed $145,000.
- 529 Plans open for 15+ years can be rolled into a Roth IRA. Subject to annual IRA contribution limits and a lifetime max of $35,000.
- Eliminates pre-death RMDs for Roth 401(k)s and 403(b)s to match existing RMD rules for Roth IRAs.
- Employers can make Plan contributions to match qualified student loan payments made by the employee.
- Automatic enrollment into 401(k) and 403(b) plans with initial deferrals of at least 3% and annual increases of 1% (until they reach 10%-15%). Applies to most new Plans opened 2024+.
- Certain part-time employees become eligible for 401(k)s and 403(b)s after 2 years of services (currently 3).

Inflation Reduction Act (Signed into law on August 2022)

- Increases clean energy credit to 30% of expenses (was 10%). Max $1,200/year (previously $500/lifetime)
- Revamps the existing $7,500 Clean vehicle credit and creates a new $4,000 credit for used clean vehicles.
- New AMT for certain large corporations (>$1 Billion income)

Subscribe to our website to receive updates on the progress of proposed legislation changes, including if any future changes seem likely to apply retroactively for all of 2023.

Consult with an attorney or a tax or financial advisor regarding your specific legal, tax, estate planning, or financial situation.

2023 Social Security Reference Guide

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Social Security encompasses retirement benefits, disability benefits, and is intertwined with Medicare benefits. This guide focuses on Social Security retirement benefits, the most common association of the term Social Security. Currently, there are approximately 57 million people receiving Social Security retirement benefits (i.e., Old Age and Survivor Insurance or OASI).

Social Security Employment Tax
While you are working, you and your employer each pay 6.2% (7.65% each including Medicare). Social Security taxes are paid on the first $160,200 of income (2023).

Minimum Eligibility Requirements
In order to qualify for Social Security retirement benefits on your own record, you need to earn a minimum of 40 credits, equivalent to ten years of Social Security-eligible work history. You accrue one credit for each $1,640 in earnings (2023), up to a maximum of four credits per year.

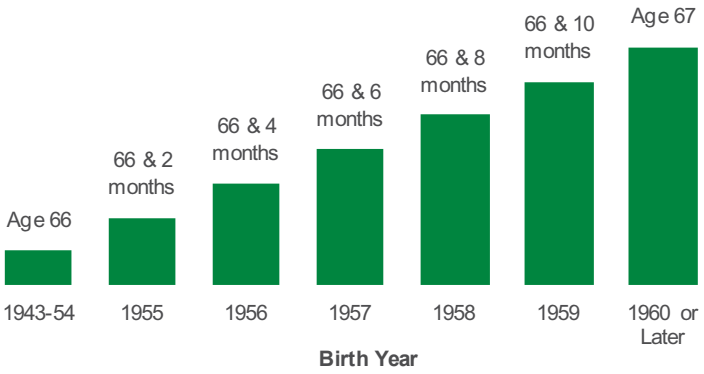
How Benefits Are Calculated
Your Social Security benefit at Full Retirement Age (FRA) is calculated based upon indexed (inflation-adjusted) earnings of your highest 35 years, subject to annual income caps (e.g., $160,200 in 2023). The estimated average monthly Social Security benefit of a retired worker in January 2023 is $1,827 ($21,924/year) after a 8.7% Cost of Living Adjustment (COLA). The average total for couples who are both receiving benefits is $2,972 ($35,664/year). The maximum Social Security benefit for a worker retiring at Full Retirement Age in 2023 is $3,627 ($43,524/year).

How to Find Out Your Own Benefit Information
While the Social Security Administration has stopped physically mailing Social Security statements to all individuals, the Social Security website allows you to obtain your Social Security statement online by signing up for a mySocial Security account or estimate benefits using one of several tools.
MySocialSecurity: https://www.ssa.gov/myaccount/
Tools: https://www.ssa.gov/planners/calculators/

Taxes on Benefits
Depending on your income in retirement, a portion of your Social Security benefit payment may be subject to taxes. The table below shows the percentage of your Social Security benefit that could be subject to taxation, depending on income.

Income Range		% of Social Security Subject to Taxation
Single Filer	Married Filing Jointly	
$0 - $25,000	$0 – $32,000	0%
$25,000 - $34,000	$32,000 - $44,000	50%
$34,000+	$44,000+	85%

Full Retirement Age
Your Full Retirement Age (i.e., the age that you qualify to receive full benefits), depends on the year you were born. The chart below shows the full retirement ages by year of birth.



Early or Delayed Social Security Benefits
You can choose to begin benefits prior to your Full Retirement Age (as early as age 62) and receive a reduced Social Security benefit amount. You can also choose to delay the start of benefits in exchange for a higher benefit amount. For example, taking benefits at age 62 results in monthly benefit payments that are 25% - 30% lower than what they would have been at Full Retirement Age, but allows you to receive benefits 4-5 years sooner. Likewise, waiting until age 70 to file for benefits results in payments that are 76% - 77% higher than at age 62 and 24% - 32% higher than at Full Retirement Age. Of course, the drawback of delaying Social Security is that it means forgoing benefit payments in the interim. The following table shows the impact of taking benefits early or late for people with a Full Retirement Age of 66 or 67.

Percent of Full Retirement Age Benefit

Age	Full Retirement Age of 66	Full Retirement Age of 67
62	75%	70%
63	80%	75%
64	86.7%	80%
65	93.3%	86.7%
66	**100% (FRA)**	93.3%
67	108%	**100% (FRA)**
68	116%	108%
69	124%	116%
70	132%	124%

Taking Early Benefits While Continuing to Work
If you take benefits prior to Full Retirement Age and continue to work, your benefits may be reduced. For example, benefits are reduced by $1 for every $2 in earnings above $21,240 in 2023. Alternatively, in the year you reach Full Retirement Age, benefits are reduced by $1 for every $3 you earn over $56,520 in 2023, until the month you reach FRA. Benefits are not reduced beginning the month you reach FRA.

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Spousal Benefits
If you have never worked, or if you have worked but your own benefit amounts to less than half of your spouse's Full Retirement Age (FRA) benefit, you can receive a spousal benefit. Spousal benefits are equivalent to one-half of your spouse's FRA benefit at your own FRA, or less if taken prior to your own FRA (e.g., as early as age 62). Spousal benefits do not go up or down based on when the primary Social Security recipient files for benefits, but the primary recipient must file for benefits in order for the spouse to receive a spousal benefit. Spousal benefits do not continue to increase after you reach FRA. The table below shows the spousal benefit by percentage, depending on when benefits are taken.

Age	Full Retirement Age of 66	Full Retirement Age of 67
62	35%	32.5%
63	37.5%	35%
64	41.7%	37.5%
65	45.8%	41.7%
66	**50% (FRA)**	45.8%
67	50%	**50% (FRA)**

Spousal Benefits for Divorcees
You may qualify for a spousal benefit from a previous spouse. In order to qualify, you must have been married for 10 or more years, currently be unmarried, and age 62 or older. The percent of the spousal benefit is the same as for married spouses (see table above). As long as you have been divorced for at least two years, you can receive spousal benefits if your ex-spouse is eligible to receive benefits (regardless of whether they have actually filed for benefits or not).

Survivor Benefits
Surviving spouses, surviving ex-spouses, and other family members may qualify for varying levels of Social Security survivor benefits when the primary recipient dies. Most notably, among married spouses, the higher of the two Social Security benefits lives on when one spouse passes away.

Cost of Living Adjustment (COLA)
Social Security payments go up over time in order to keep up with inflation. COLAs are determined annually based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The following table shows the Social Security cost-of-living adjustment for each of the last 15 years.

2009 – 5.8%	2014 – 1.5%	2019 – 2.8%
2010 – 0.0%	2015 – 1.7%	2020 – 1.6%
2011 – 0.0%	2016 – 0.0%	2021 – 1.3%
2012 – 3.6%	2017 – 0.3%	2022 – 5.9%
2013 – 1.7%	2018 – 2.0%	2023 – 8.7%

Recent Legislation
The Bipartisan Budget Act of 2015 put an end to "File and Suspend" and "Deemed Filing" strategies. The closure of the "Deemed Filing" loophole only affects individuals who reached age 62 after January 1, 2016. Therefore, those who reached age 66 on or before January 1, 2020 can still take advantage of the deemed filing loophole (i.e., filing for spousal benefits after reaching age 66 while allowing benefits on your own work record to continue to grow). Deemed filing rules do not apply to those applying for survivor or dependent benefits.

Potential Future Legislation
According to the Congressional Budget Office (CBO), payments have exceeded revenues each year, beginning in 2010. Based on the current trajectory, the balance of the retirement portion of the Social Security trust fund, which is used to cover any shortfall, is projected to be exhausted in 2034. Eventual change is inevitable to ensure the continuation of Social Security benefits. Future changes to Social Security could include pushing back the retirement age, reducing benefits/benefit caps, raising taxes, increasing eligibility requirements, means testing, and others.

When to Take Social Security
While the Bipartisan Budget Act of 2015 closed glaring Social Security loopholes, there are still ways to thoughtfully strategize about how and when to take Social Security benefits. For example, given the trade-off that exists in waiting, most advisors suggest waiting until Full Retirement Age to take benefits. If nothing else, waiting provides "longevity insurance" in the event you live beyond life expectancy. For married couples, given that the higher benefit lives on when one spouse passes away, many couples choose to have one spouse take benefits earlier, while the second delays benefits. This way the couple receives some benefits at an early age, while locking in a higher benefit that will carry through their joint life expectancy.

How to Apply
You can apply online, by phone, or in person at your local Social Security office (appointments available). In order to prepare, gather the following information: date and place of birth, marriage and divorce record (names, dates of birth, Social Security numbers, dates/places of marriage), names and dates of birth for minor or disabled children, US military service record, recent employment history, and direct deposit banking information.

The information in this paper is not intended as legal or tax advice. Consult with an attorney or a tax or financial advisor regarding your specific legal, tax, estate planning, or financial situation.

2023 Medicare Reference Guide

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Medicare is a government-run health insurance system for Americans over 65 years old or disabled. The system is funded through employee and employer payroll contributions and provides coverage for portions of certain health care costs, depending on level of coverage selected.

For most people, Medicare Part B premiums decreased by approximately 3.1% from 2022 and Part D premiums have decreased by 1.8% from 2022.

Medicare coverage is split into four Parts:

Part A (Hospital Insurance)

Covers inpatient hospital care, skilled nursing facility, hospice, lab tests, surgery, home health care

Monthly Premium*:	$0.00
First 60 days of hospitalization - patient pays a deductible	$1,600
Next 30 days - patient pays	$400 per day
Next 60 days (lifetime reserve days)	$800 per day
Skilled nursing facility:	
First 20 days - patient pays	$0.00
Next 80 days - patient pays	$200 per day
Over 100 days - patient pays	All costs

*Most individuals over age 65 receive Part A free ("premium-free Part A") as a result of paying Medicare taxes while working. For those who have not sufficiently paid Medicare taxes (rare), you can buy Medicare Part A and pay a premium of either $278 or $506 per month.

Part B (Medical Insurance)

Doctor and other health care providers' services, home and outpatient care, durable medical equipment, ambulance services, and some preventive services

Premium Rates*	**If your 2021 income was****	
	Single:	Married Filing Jointly:
$164.90	$97,000 or less	$194,000 or less
$230.80	$97,001 - $123,000	$194,001 - $246,000
$329.70	$123,001 - $153,000	$246,001 - $306,000
$428.60	$153,001 - $183,000	$306,001 - $366,000
$527.50	$183,001 - $500,000	$366,001 - $750,000
$560.50	Above $500,000	Above $750,000
Deductible:	$226 per year	
Coinsurance:	20% of amount after deductible	

*Most people will pay this amount; however, a small number of people who pay premiums out of monthly Social Security benefits will pay less than this amount due to Social Security's "Hold Harmless" provision that prevents a decline in Social Security benefits for most people.

**Medicare uses the modified adjusted gross income reported on your 2021 tax return to determine your 2023 premium (the most recent income information provided to Social Security by the IRS). Therefore, if your income has decreased from 2021 to 2022, Medicare premiums can remain higher than expected due to this lag.

Parts A and B do not cover long-term care (aka, custodial care) as well as dental care, eye care, and hearing aids.

Part D (Prescription Standard Benefit Model)

Provided by private insurers. The costs and drugs covered varies by Medicare Prescription Drug Plan

Monthly Premium*:	Based on prescription drug plan selected	
Initial deductible:	$505 maximum (deductibles vary between plans)	
Co-payment or coinsurance on next	$4.660	
Coverage gap ("donut hole")**	$4,660 - $7,400	
Co-payment or coinsurance on amounts above	$7,400	
Premium Rates Based on Income	**If your 2021 income was**	
	Single:	Married Filing Jointly:
Plan premium	$97,000 or less	$194,000 or less
$12.20 + plan premium	$97,001 - $123,000	$194,001 - $246,000
$31.50 + plan premium	$123,001 - $153,000	$246,001 - $306,000
$50.70 + plan premium	$153,001 - $183,000	$306,001 - $366,000
$70.00 + plan premium	$183,001 - $500,000	$366,001 - $750,000
$76.40 + plan premium	Above $500,000	Above $750,000

*Each prescription drug plan has its own list of covered drugs (referred to as a "formulary"), with drugs assigned to different "tiers". The drugs in lower tiers will generally cost less than drugs in higher tiers.
**The coverage gap begins after you and your plan spend $4,660 in 2023. Then you pay a portion of discounted drug prices out-of-pocket (25% of covered brand-name and generic drug costs in 2023), until you reach the out-of-pocket (OOP) threshold, which is $7,400 in 2023. For the remainder of the year, "catastrophic coverage" then begins for any covered drugs.

Medicare Advantage / "Part C"

Part A and B coverage but through private companies instead of through Medicare. Some companies may offer additional benefits such as prescription drugs, vision, and/or Dental

Part C plans are Medicare approved but administered through private insurance companies.
Monthly premium amounts vary by plan.
Plans, not Medicare, establish the amounts they charge for premiums, deductibles, and services. Amounts can only change once per year, on January 1st.

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Medigap Policies

In addition to the four Medicare Parts above, Medigap insurance is offered by private companies to reimburse individuals for out-of-pocket medical costs resulting from gaps left by traditional Medicare benefits, such as co-payments, coinsurance, and deductibles.

Medigap policies do not provide additional coverage but rather supplement costs of original Medicare benefits.

Medigap policies don't work with Medicare Advantage Plans (Part C). If you decide to have Part A and B coverage, determine if you need Part D, and then consider a Medigap policy. If you decide to gain coverage through a Medicare Advantage Plan, a Medigap policy is unnecessary.

Effective as of 2020, Medigap plans which cover the Part B deductible (i.e., Plans C and F) are no longer allowed and are unavailable to those first eligible for Medicare on or after January 1, 2020. The Plans remain available to those already eligible for Medicare prior to 2020.

Must follow federal and state laws and, in most states, are limited to "standardized" policies.

In order to determine if a Medicap Policy is the right fit, contact your State Health Insurance Assistance Program. Medicare.gov can also be a resource to point you in the right direction.

Medicare Enrollment & Election Periods*

Initial Enrollment Period:	7-month period beginning 3 months prior to the month you turn 65 and ending 3 months after the month you turn 65
Coverage Begins:	
Part A	1st day of your birthday month
Part B & Part D	Varies depending on what month you enroll
General Part A & Part B Enrollment:	January 1st to March 31st
General Part D Enrollment:	April 1st to June 30th
Annual Election/ Open Enrollment:	October 15th to December 7th

***Individuals already collecting Social Security as of 3 months prior to turning 65 will be automatically enrolled in Part A and Part B at 65 unless waived. You still must manually enroll in Part D.**

If an individual misses the Initial Enrollment Period then they can enroll during General Enrollment, but late enrollment penalties may apply which vary for Part A, Part B, and Part D. Under certain circumstances individuals may be eligible for a delayed Special Enrollment Period with no penalties.

Changes to existing Part A, Part B, and Part D Medicare can be made annually during the Annual Election/Open Enrollment Period. Individuals have the option to switch between Part C coverage and original Medicare coverage between January 1st to March 31st of each year.

Planning Considerations and the Need to Prepare:

Health costs are the 4th largest expense for individuals between 65 -74 years old after housing, transportation, and food. They are the second largest expense for those over 75, after housing.

Traditional Medicare covers only about 60% of medical costs in retirement, with the rest being covered by out-of-pocket spending and private insurance.

Estimated retirement health care costs for a couple (Medicare Part B and Part D premiums, Medigap premiums, and out-of-pocket drug expenses) starting at age 65 in 2021.

Chance of Personal Savings Meeting Total Expenses*	Estimated Amount Needed
50%	$182,000
75%	$245,000
90%**	$296,000

*Assuming median prescription drug expenses throughout retirement.
**Couples with prescription drugs prices in the 90th percentile would require personal savings of $361,000 based on a 90% chance of meeting total expenses.

Source: Employee Benefit Research Institute

It's important to consider other factors when planning such as increasing life expectancies, personal health variables, and the impact of inflation. Also, Part D, Medicare Advantage Plans, and Medigap policies can vary widely based on state, so it's important to contact a specialist in your area if you have questions.

For more information about Medicare, you can go to medicare.gov or call 800-633-4227 (800-MEDICARE).