



**Lesson 2: Your income will largely depend on your savings efforts.** Even though 64% of retirees receive income from a defined benefit plan (traditional pension), an even larger percentage rely on savings and investments, and more than half rely on income from IRAs and/or workplace retirement plans. Current workers are much less likely to have a pension, and more than half expect employer plans to play a “major” role in their retirement funding.<sup>4</sup>

If you have access to an employer plan, focus on saving as much as possible — and don’t despair if you are close to retirement and far behind your savings goals. You might be surprised by how much progress you could make in a few years. In 2020, you can contribute \$19,500 to a 401(k) or 403(b) plan and an additional \$6,500 catch-up contribution if you are age 50 or older.

**Lesson 3: Health care may cost more than you think.** More than one out of three retirees said their health-care or dental expenses were higher than they anticipated.<sup>5</sup> Be sure to include medical expenses in your retirement savings strategy. According to another annual EBRI report, a 65-year-old couple who retired in 2019 might need about \$300,000 to pay health-care expenses in retirement.<sup>6</sup>

1–6) Employee Benefit Research Institute, 2019

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