Research Provides Further Evidence that Pensions are Superior to 401(k) Plans

A new study by the Center for Retirement Research at Boston College has found that retirees are exhausting their 401(k) savings at an alarming rate, providing further proof that 401(k) accounts do not provide the same level of retirement security as pensions.

Since the transition towards the 401(k) over traditional pensions in the 1980s, workers are increasingly responsible for saving for their retirement themselves. However, retirees with 401(k)s are drawing from their savings at a much faster rate than those with pensions. By age 75, 401(k) savers had $86,000 less than those who had a pension.

Financial experts and senior advocates stress that 401(k) plans do not offer the guaranteed income that pensions do. In addition, 401(k) accounts do not offer the monthly payments and withdrawal calculations of pension plans, leaving retirees to make difficult financial decisions on their own.

Now that Americans are living longer than ever before, the risk of depleting retirement savings becomes ever more concerning. About half of retirees are living past the age of 85, but many are in danger of entirely exhausting their savings before then.

“This study shows why Alliance members fight for traditional pensions,” said Robert Roach, Jr., President of the Alliance. “Too few American workers are on track for secure retirements. Replacing defined benefit pension plans with 401(k)s fails workers and retirees.”

U.S. Supreme Court Upholds Rule Requiring Return of Medicare Overpayments

The U.S. Supreme Court declined to hear a challenge to a Medicare requirement by UnitedHealth Group on Tuesday, effectively upholding the government rule requiring Medicare Advantage insurers to promptly return any payment that was based on an unsupported diagnosis.

UnitedHealth took issue with applying 2014 law's application to private Medicare Advantage plans. They unsuccessfully argued they were unfairly audited because Medicare Advantage plans were being treated differently from traditional Medicare. At stake were billions of dollars that Medicare Advantage insurers are now obligated to return to the federal government.
“This outcome prevents private insurers from padding their profits by pocketing money they were paid in error,” said Joseph Peters, Jr., Secretary-Treasurer of the Alliance. “This decision is a big win for retirees who paid into Medicare with every paycheck they earned.”

New Bipartisan Legislation Aims to Limit Insulin Prices for Patients

Sens. Jeanne Shaheen (D-NH) and Susan Collins (R-ME) announced a bipartisan bill on Wednesday that promises to curb the rising cost of insulin.

The result of months of negotiations, this compromise would cap insulin costs at $35 per month for all insured Americans while eliminating some authorization hurdles that previously complicated insurance coverage of the drug. Patients with private insurance as well as those enrolled in Medicare would not be charged more than $35. However, patients without insurance are not protected by this bill.

Although Sens. Shaheen and Collins claim bipartisan support for the bill, House Republicans argue that a price cap could harm research efforts. Top Senate Democratic leaders are pledging a vote on the bill, but its fate is uncertain with Democrats’ narrow margin in the Senate. The House passed H.R. 6833, the Affordable Insulin Now Act, on March 31.

“Passage of this bill would be a step in the right direction. However, Congress must quickly build on it with additional legislation that lowers drug prices,” said Richard Fiesta, Executive Director of the Alliance. “It is not a substitute for more substantial reforms, such as allowing Medicare to negotiate prices for other drugs and limiting the overall out-of-pocket costs seniors pay for their medications.”

New Flu Vaccines Recommended for Older Americans

A CDC panel announced recommendations for older Americans to receive new, “souped-up” flu vaccines that are more effective in preventing flu-related hospitalization. The recommendations are based on findings that certain flu vaccines might offer more or longer protection for seniors, whose weakened immune systems don’t respond as well to traditional shots.

These newly-recommended shots include Fluzone High-Dose, Fluad with an immune booster, or Flublok. Although the research is still relatively new, these special flu vaccines have already proven popular, with roughly 80% of Medicare beneficiaries choosing the souped-up vaccines each year.

“Minimizing hospitalizations is important. The flu can lead to death,” said President Roach. “Particularly in the face of the COVID-19 pandemic, we should take advantage of the precautionary measures recommended by the CDC.”
Kaiser Health News: 100 Million People in America Are Saddled With Health Care Debt
By Noam N. Levey

Elizabeth Woodruff drained her retirement account and took on three jobs after she and her husband were sued for nearly $10,000 by the New York hospital where his infected leg was amputated.

Ariane Buck, a young father in Arizona who sells health insurance, couldn't make an appointment with his doctor for a dangerous intestinal infection because the office said he had outstanding bills.

Allyson Ward and her husband loaded up credit cards, borrowed from relatives, and delayed repaying student loans after the premature birth of their twins left them with $80,000 in debt. Ward, a nurse practitioner, took on extra nursing shifts, working days and nights.

Sherrie Foy of Moneta, Virginia, had her retirement plans upended when surgery to remove her colon left her with about $850,000 in bills and forced her and her husband, Michael, into bankruptcy. (CARLOS BERNATE FOR KHN AND NPR)

“I wanted to be a mom,” she said. “But we had to have the money.”

The three are among more than 100 million people in America — including 41% of adults — beset by a health care system that is systematically pushing patients into debt on a mass scale, an investigation by KHN and NPR shows.

Read more here.

The Alliance for Retired Americans is a national organization that advocates for the rights and well-being of over 4.4 million retirees and their families.