Medicare (Parts A, B, D, & C)

- Part A – Hospitalization – Available at age 65 or later – No premium
- Part B – Doctors, services, DME – Available at age 65 w/ no penalty, later with potential penalty – Premium
- Part D – Prescription Drug coverage – Available at age 65 w/ no penalty, later with potential penalty – Premium
- Part C – Medicare Advantage (like an HMO or PPO) – Potential premium – Plans will differ from state to state
- Annual reenrollment: October 15 – December 7
- If working beyond age 65, company may require you to acquire Medicare and company will act as Medicare Supplement (Medigap)

Contact: www.Medicare.gov or 1-800-Medicare (633-4227)

Medicare Part A – No premium

- Hospital care
- Skilled Nursing Facility (SNF) care
- Nursing Home care – if custodial care (6 ADLs) is not the only care you need (Eat, Bath, Dress, Groom, Mobile, Toilet)
- Hospice care (facility or home)
- Home Health services
- Available at age 65 or later
- May not contribute to HSA once Medicare coverage begins

Medicare Part B – Premium

- Medically necessary services, Preventive services
- Ambulance services, Clinical research
- Durable medical equipment (DME) (e.g., CPAP, walker)
- Mental Health (Inpatient, Outpatient, Partial hospitalization)
- Getting a second opinion before surgery
- Limited outpatient prescription drugs
- Available at age 65 w/ no penalty, later w/ potential penalty for remainder of life
- Increased premium – Married > $170K, Single > $85K
Medicare Part D – Rx coverage – Premium

- Pick plan based upon drugs you take, pharmacy you use and zip code in which you live
- Medicare.gov will show you all plans for your zip code based upon the drugs you entered and the pharmacy you prefer to use
- Premium determined by plan you must choose (each year preferably), plus hickey for high income
- If you don’t enroll at age 65 and don’t have other prescription insurance, you will pay an ever-increasing late-enrollment penalty whenever you do enroll (i.e., 1%/month of lateness)

Medicare Part D – Rx coverage – Premium (continued)

- 11 Companies selling Part D in TX for 2023
- 27 Plans to choose within these 11 companies
- Monthly premiums range: $6.60 - $108.00
- Annual deductibles range: $0 - $505
  - Some tier drugs may be before the deductible
- Co-pays range: $0 - $47 and/or
  Co-insurance range: 15% - 50%
- Extra Help: 5 plans shown in Blue ink, $0 premium
- Consumer plan ratings: 75% - 83%

Part D Excess Premiums based on Income (for 2022 --- 2023 TBD) “Part D-IRMAA”

<table>
<thead>
<tr>
<th>If your filing status and yearly income is</th>
<th>You pay each month of 2022 unless</th>
<th>You pay each month of 2022 unless</th>
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<tbody>
<tr>
<td>If your filing status and yearly income is</td>
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<td>above $114,000 up to</td>
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<td>If your filing status and yearly income is</td>
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<td>If your filing status and yearly income is</td>
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<td>$170,000, or less</td>
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<td>If your filing status and yearly income is</td>
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<td>If your filing status and yearly income is</td>
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<td>$500,000, or above</td>
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<tr>
<td>If your filing status and yearly income is</td>
<td>$750,000, or above</td>
<td>$750,000, or above</td>
</tr>
<tr>
<td>If your filing status and yearly income is</td>
<td>$409,000, or above</td>
<td>$409,000, or above</td>
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</tbody>
</table>
Medicare Part C – Potential premium

Medicare Advantage (HMO, MSA, PPO, PFFS, SNP)

- Includes both Part A (Hospital Insurance) and Part B (Medical Insurance), may include Part D (Prescription Insurance) and vision, hearing, or dental, as well (which are not covered by “regular” Medicare).
- Coverage provided by private insurance companies approved by Medicare.
- You may need to use health care providers who participate in the plan’s network (plans may differ from state to state).
- You may pay a monthly premium for your plan (in addition to your monthly Part B premium).
- Plans have a yearly limit on your out-of-pocket costs; once you reach a certain limit, you’ll pay nothing for covered services for the rest of the year.
- Your out-of-pocket costs are typically lower in an MA plan; this option may be more cost effective for you; there are five different MA plan types.

Medicare Supplement Insurance (Medigap) – Optional – Premium

- If an insurance company sells any Medigap, they must sell plan A.
- Plan A – Basic – Part A & B co-ins and/or co-pay, Hospice co-ins/co-pay, blood (3 pints).
- Plan B – Same as A plus Part A deductible.
- Plan D – Same as B plus SNF co-ins and 80% foreign travel.
- Plan G – Same as D plus Part B excess charges.
- Plan C – Same as D plus Part B deductible (no longer available to new participants).
- Plan F – Same as C plus Part B excess charges (no longer available to new participants).
- Plan K – Part A co-ins, plus 50% of Part B co-ins/co-pay, blood, Hospice, SNF co-ins, Part A deductible with out-of-pocket limit of $6,620 for 2022.
- Plan L – Same as K except 75% of all payments with out-of-pocket limit of $3,310.
- Plan M – Same as A plus SNF co-ins, 50% Part A deductible and 80% foreign travel.
- Plan N – Same as B plus SNF co-ins and 80% foreign travel with $20 office co-pay and $50 non-admittance hospital co-pay.

Compare the benefits of each lettered plan to help you find one that meets your needs now and in the future. You might not be able to switch Medigap policies later.

C = Plan covers 100%
X = Plan doesn’t cover
% = Amount the plan covers

<table>
<thead>
<tr>
<th>Plan</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
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<tr>
<td>Part A co-ins &amp; hospital costs</td>
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<tr>
<td>Part B copays/co-ins</td>
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<td>Blood (first 6 pints)</td>
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<tr>
<td>Part A hospice</td>
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<td>Part B deductible</td>
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<td>Part B excess charges</td>
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<td>Out-of-pocket limit</td>
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Notes:
- Plan F & Plan G also offer a high deductible plan in some states.
- Plan K & Plan M show how much they’ll pay for approved services before you meet your out-of-pocket yearly limit. After you meet these amounts, the plan will pay 100% of your costs for approved services.
- Plan K pays 100% of the costs of part B services, except for copays for some office visits and some emergency room visits.
Medigap Plan C & F demise

- New subscribers cannot purchase after 2019
- Current subscribers can continue to keep plans C or F
- Current subscribers cannot transfer to plans C or F after 2019 from another Medigap plan
- Medicare has a good Medigap booklet: 

LTC (Long Term Care) Insurance

- Provides an income stream to cover long-term care in a nursing home, assisted or independent living (including home)
- Best purchased before age 60 to obtain lower rates
- This is term insurance, if not used, premiums are forfeited
- To lower premiums, increase waiting period (90-100 days is typical)

Taxes

- Property Taxes
- Federal Income Taxes
Upcoming Financial Decisions as You Approach Age 65 and Beyond

Property Taxes when over age 65

- Property Tax Caps for those over 65
  - School Tax (as established by school district)
  - County Tax (as established by county-wide vote, e.g., Denton county)
  - City Tax (as established by city-wide vote, e.g., Denton city)
  - Other taxing districts are not capped (e.g., college, library, etc.)
- Property Tax payment plan
  - Four quartile payments – 1/31, 3/31, 5/31, 7/31
- Property Tax payment option
  - Before 12/31 or 1/31, understand income tax implications if itemizing
- Property Tax Deferral
  - May be deferred until the home is sold (by you or heir at time of death)
  - Tax lien placed on home
  - 8% interest accumulated annually

Income Tax Implications on Retirement Income

- Income Tax impact on Social Security income
  - Single – No tax impact if other income plus 50% of SS is less than $25,000
  - Married – No tax impact if other income plus 50% of SS is less than $32,000
  - Above these limits, social security income will be taxed on a stepped scale capping at 85% taxable
    - At least 15% of SS income will always be tax free
- If possible, defer SS income until other taxable income is minimized
  - Withdrawing Roth IRA and Roth 401K funds are a non-taxable event
  - If invested for five years and over age 59 ½

Some Simple Tax Strategies

- Standard Deduction vs. Itemized Deduction
  - Single: <65 $12,950 65+ $14,700
  - Married:both <65 $25,900 65+ $28,700
  - Married:one <65 $27,300
  - Blind: $1,400 per person
- Bunching Itemized Deductions
Upcoming Financial Decisions as You Approach Age 65 and Beyond

Potential Itemized Deductions

- Medical
  - Medicare part B & D or C premiums
  - Co-pays
  - Medigap & LTC insurance premiums
  - Mileage to doctors, dentists, hospital, pharmacy
- Taxes – Property & Sales
- Interest - Mortgage
- Contributions
  - Church or any 501(c)(3) organization
  - Volunteer mileage

Upcoming Financial Events as You Approach 65

Questions...

Comments...

Please don't forget to submit your Class Evaluation!