

The rules of retirement have changed



WHAT IS HEALTH & WEALTH @ SENTINEL?

Ross James, Vice President, Personal Investment Services
Robert DiMase, Executive Vice President

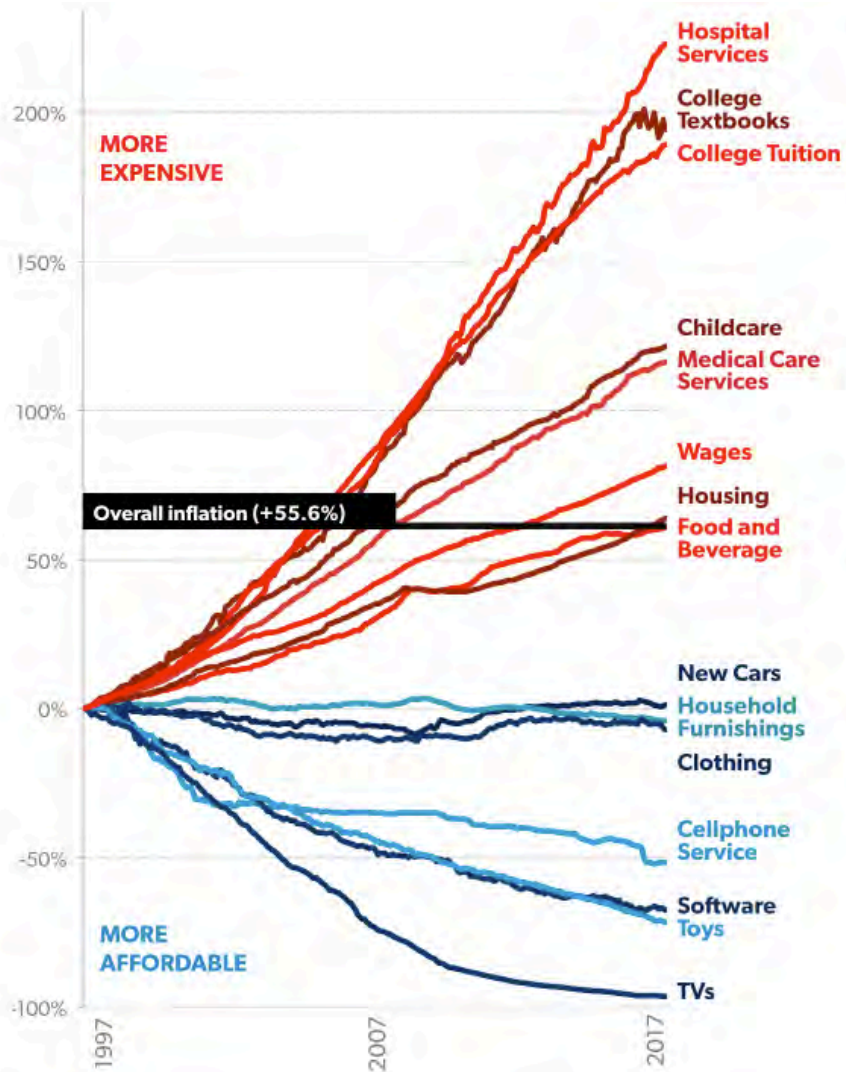
Financial planning and investment advice are offered through Sentinel Pension Advisors, Inc. (SPA), an SEC registered investment advisor. Investment brokerage services offered through Sentinel Securities, Inc. (SSI). Member FINRA & SIPC. Insurance products offered through Sentinel Insurance Agency, Inc. (SIA). Sentinel Benefits & Financial Group is the brand name for the Sentinel family of companies, which includes SPA, SSI, and SIA. Sentinel Benefits & Financial Group and its affiliates do not provide tax advice. This material has been prepared for information purposes only and is not intended to provide and should not be relied upon for tax advice. You should consult your own tax advisors before engaging in any transaction.





Agenda

- Health & Wealth Planning
- Why it's important [[video](#)]
- How to structure your benefits to allow your participants to prepare



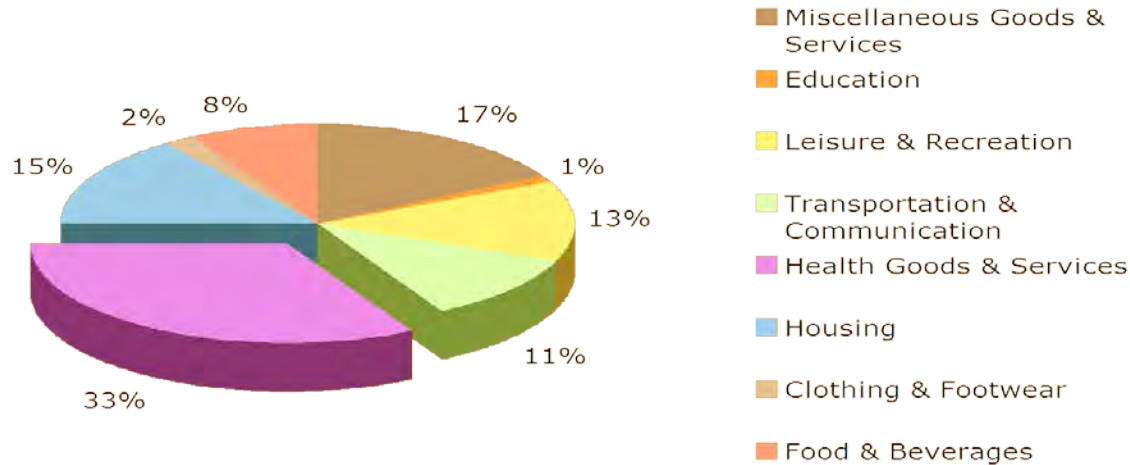
Price changes Jan. 1997- Dec. 2017

SELECTED US CONSUMER GOODS AND SERVICES, AND WAGES

Source: <https://www.aei.org/publication/blog/carpe-diem/>

Healthcare in Retirement

Healthcare accounts for 33% of expenses for Americans 60 years old and older



Avg. Annual Cost Per Person

\$5,140 (2017)

Avg. Annual Cost Per Couple

\$10,280 (2017)

The Issue Facing American Savers

COSTS KEEP RISING!

- 7%+ Inflation Rate
- Medicare Part B
7.56% since inception
- Medicare Part D
7.15% projected through 2022
- Gap Plan – 3% to 5% since 1993 (AARP)

A 65-year-old MA couple retiring today and planning to live until age 85 can expect to pay **\$321,994 for Medicare Parts B, D, supplemental and dental coverage.**



The Issue Facing American Savers Cont'd

For the past 50 years, Medicare has been inflating over 7.5%. The expected COLA's for Social Security are projected to be no higher than 2.8% for the foreseeable future.

Retirees are finding that due to a lack of planning, their main source of guaranteed income, may never increase, and could possibly decrease over time, especially when needed.

THE WRONG INCOME LEADS TO:



Higher Health Costs



Lower Social Security



More in "taxes" paid

4 Rules You Must Know!

THE MORE YOU HAVE IN
INCOME, THE MORE YOU PAY
FOR YOUR HEALTH
COVERAGE IN RETIREMENT

1

Medicare is mandatory

2

Medicare is means tested (IRMAA)

3

Income is your financial plan

4

The bulk of health premiums are automatically deducted from Social Security benefits

e.g. Income for Medicare Means Testing

Social Security

Wages

Pension Income

Rental Income

Capital Gain (including home)

Dividends (including Municipalities)

Certain Annuities

Pre-Tax 401(k)

Pre-Tax IRA's

Pre-Tax 403(b)

Pre-Tax 457

Pre-Tax SEP IRA



2017 Medicare Brackets per person per month

Individuals MAGI	Couples MAGI	Part B	Part D	Medigap policy
\$85k <	\$170k	Premium (\$134)	Premium (varies) \$13-123/month in MA	2018 rates In MA range from \$94- \$257/month
\$85k To \$107k	\$170k - \$214k	+ \$187.50/month	Premium + \$13.30/month	
\$107k to \$160k	\$214k - \$320k	+ \$267.90/month	Premium + \$34.20/month	
\$160kto \$214k	\$320k - \$428k	+ \$348.30/month	Premium + \$55.20/month	
Over \$214k	Over \$428k	+ \$428.60/month	Premium + \$76.20/month	

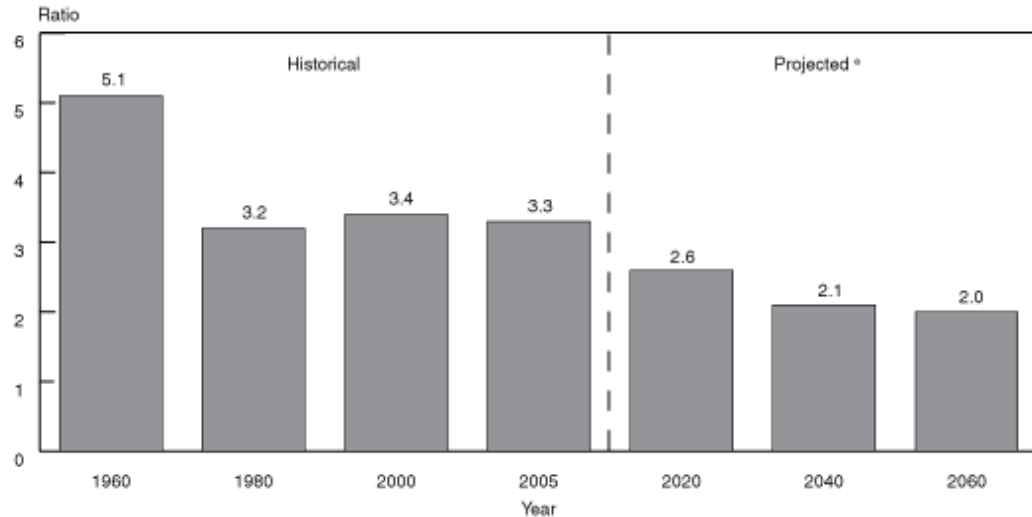
Current Brackets (2018) per person per month

THE BRACKET COMPRESSIONS

Individuals MAGI	Change in bracket	Couples MAGI	Change in bracket
\$85k <	\$0	\$170k	\$0
\$85k to \$107k	\$0	\$170k - \$214k	\$0
\$107k to \$133.5k	\$0	\$214k - \$267k	\$0
\$133.5k to \$160k	-\$26.5k	\$267k - \$320k	-\$53k
Over \$160k	-\$54k	Over \$320k	-\$108k

Challenges Facing Social Security

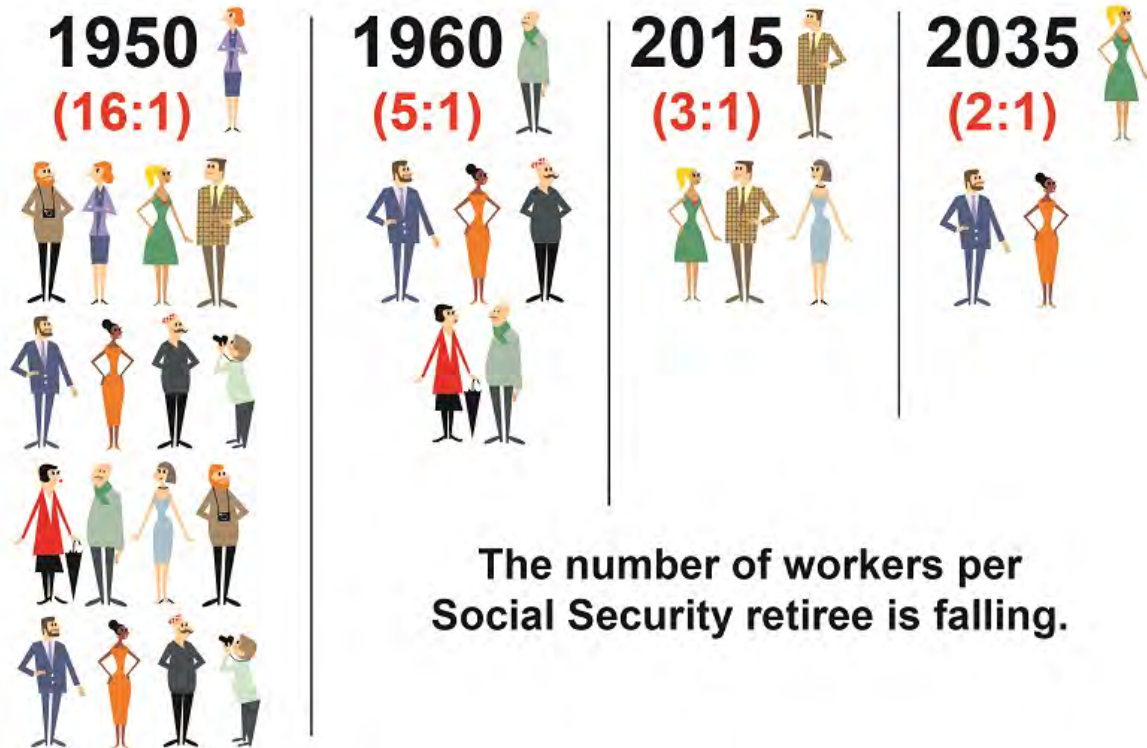
WORKER TO BENEFICIARY RATION, SELECTED YEARS 1960-2060



SOURCE: Board of Trustees (2006, Table IV.B2).

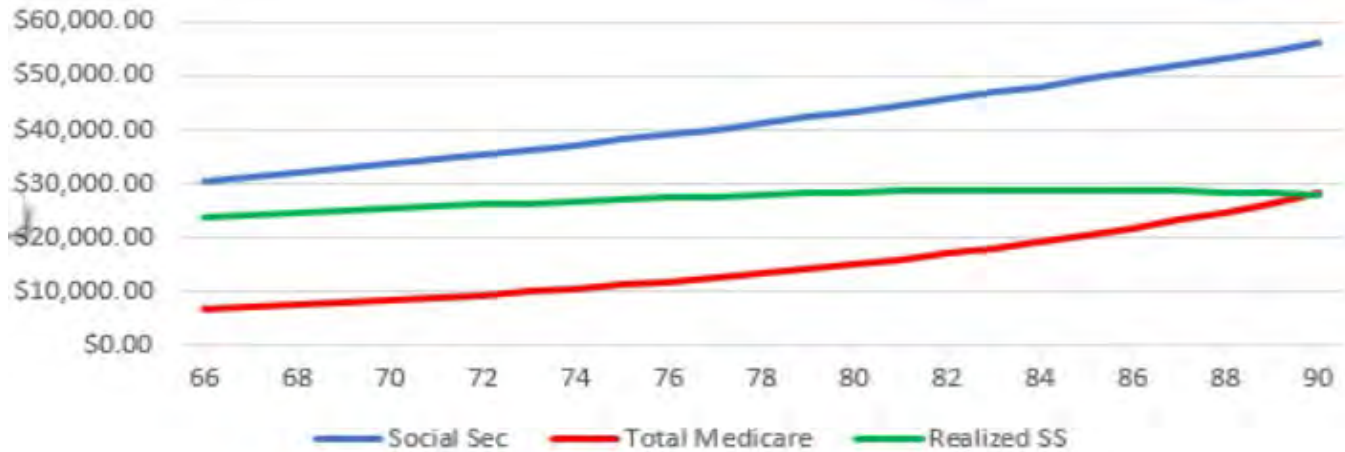
a. Projected using the intermediate assumptions in the 2006 annual report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

The Population is aging



**The number of workers per
Social Security retiree is falling.**

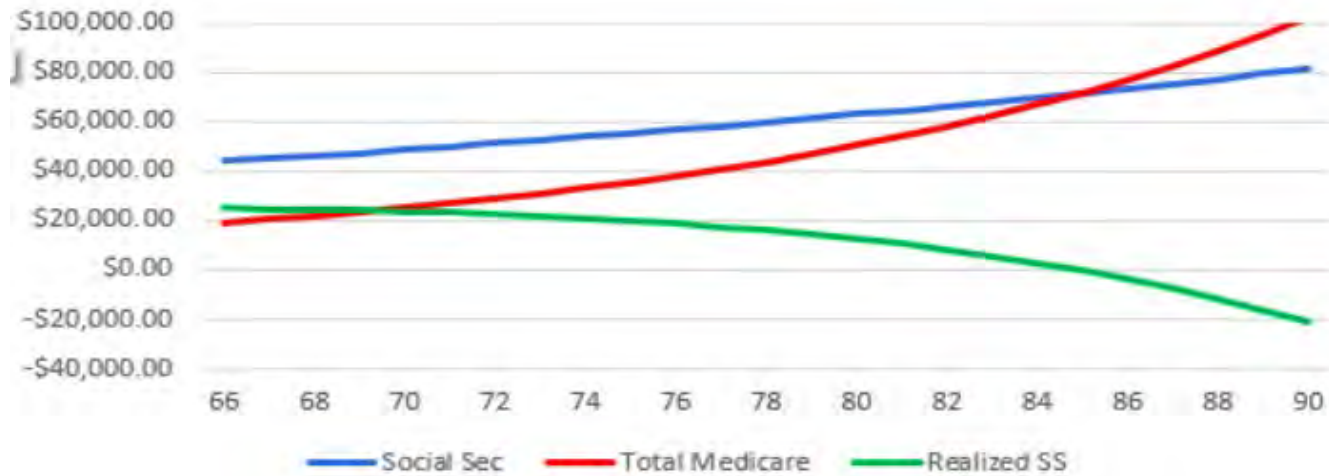
60 year old retiring at age 66



According to recent reports, Medicare is expected to consume 30% to 60% of a person's Social Security benefit

60 year old retiring at age 66 and 8 mos

(Max IRMAA)



Due to the inflation rates surrounding Medicare, those that are earning the maximum amount of income may experience more than a 100% loss of Social Security benefits throughout retirement.



What is **NOT** income

- Roth Accounts
- Health Savings Accounts
- Certain Types of Life Insurance
- Specific Annuities
- Home Equity

Health + Wealth Planning

HOW WE HELP OUR CLIENTS & PARTICIPANTS

- Does your plan have a **Roth 401k feature**?
If so, do the plan sponsors and participants know the benefits of it?
- Do you offer a **HDHP with an HSA feature**?
If so, do the plan sponsors and participants know the benefits of it?
- Do your participants need help with H&W planning?



Health + Wealth planning idea #1

THE TIME TO CALCULATE HOW MUCH INCOME YOU WILL BE EARNING FROM ANY TAX-DEFERRED INVESTMENT IS **NOW!**

Determine which assets count as income before retirement; Assets that generate too much income should potentially have a portion converted to a Roth

Health + Wealth planning idea #2

INVEST INTO AN EMPLOYER'S ROTH 401(K).

Roth accounts generate an income which is Medicare IRMAA free:



Downside is that there are taxes due today



Upside is the savings in health costs and Social Security benefits should out-weigh those costs



Health + Wealth planning idea #3

GENERATE ANOTHER FORM OF GUARANTEED INCOME.

- According to Social Security, over 50% of all married retirees depend on Social Security benefits to be half of their income
- Medicare premiums will be automatically deducted from Social Security benefits; the result is that Social Security benefits will probably never increase throughout retirement
- Generating another form of income is crucial—using assets in a Roth account to purchase an annuity is a possible solution

Ask Us

Questions?
We care about how we can help.





Thank You