



Medicare & Social Security: Breaking Down the Basics

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Agenda



Part 1

- Basics of Social Security
- Benefits for Qualified Family Members
- Taxation of Social Security



Part 2

- What is Medicare?
- How & when do I enroll in Medicare
- Medicare Deep Dive – breaking down the parts
- Drug Coverage

Q&A



Social Security



The Basics



How do I qualify for benefits?

- Pay into the system: FICA (Federal Insurance Contribution Act)
- 40 credits (10 years of work)



How much will my benefit be?

- Based off of your PIA (Primary Insurance Account)
- 35 years of highest earnings
- Collecting early or later will effect how much you receive



What is my full retirement age? Where do I receive a statement?

- [SocialSecurity.gov](https://www.SocialSecurity.gov)

If you were born in:	Your full retirement age is:
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67



Basics of Social Security

Collecting early will reduce your benefit

- You can collect as early as 62
- Your PIA will be reduced if you collect prior to your FRA
- Example: if your FRA is 67 and your benefit is \$2,400/month. Collecting at 62 will reduce it to \$1,680 (30% reduction)

Delaying retirement will increase your benefit

- Your FRA age will be between 66-67 depending on when you were born
- Your PIA will be increased for every month you delay collecting until age 70
- Example: If your FRA is 66 and your benefit is \$2,400. Delaying until age 70 increases your benefit to \$3,168 (32% increase)

Will I have a reduction in my benefits if I am working and collecting SS?

- If you are under full retirement age for the year, your benefits may be reduced \$1 for every \$2 you earn
- In the year you are entering full retirement age, your benefit may be reduced by \$1 for every \$3 you earn



Benefits for Qualified Family Members

Spouse age 62 or older

- Entitled to spousal benefits
- 1/2 of your spouses benefit or your benefit whichever is larger

Your former spouse age 62 or older, if you were married at least 10 years

- Not remarried
- Divorced for at least 2 year

Your children under age 18

- Unmarried

Survivor Benefits

- Surviving spouse age 60 or older (age 50 or older if they have a disability).
- Surviving divorced spouse, under certain circumstances.
- Surviving spouse at any age who is caring for the deceased's child who is under age 16 or has a disability and receiving child's benefits



Taxation of Social Security Benefits

The amount your benefit is taxed is based on your provisional income:

Your adjusted gross income
+ Nontaxable interest
+ $\frac{1}{2}$ of your Social Security benefits
= Your "*combined income*"

If you file your federal tax return as individual:

Income between \$25K - \$34K, you may have to pay tax on up to 50% of your benefits

More than \$34K, up to 85% of your benefits may be taxable

If you file your federal tax return as a joint return:

Income between \$32K - \$44K, you may have to pay tax on up to 50% of your benefits

More than \$44K, up to 85% of your benefits may be taxable

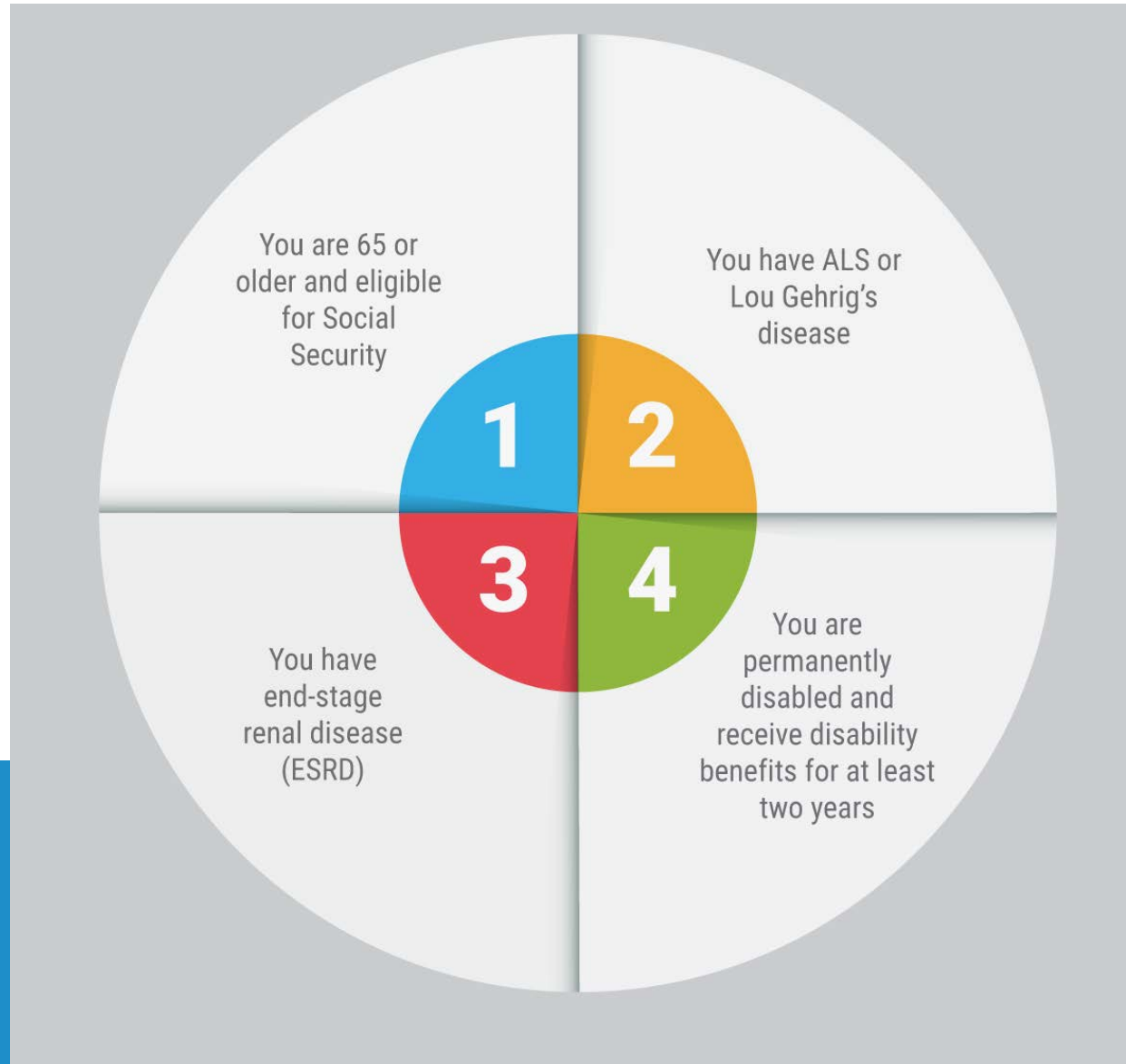


Medicare



What is Medicare

Who is eligible?



When can I enroll?

#1 Initial Enrollment Period

- 3 months before your 65th birthday
- Month of your 65th birthday
- 3 months following your 65th birthday
- 25th month of total disability
- Coverage begins on the 1st of the month

#2 Special Enrollment Period (SEP)

- The 1st of the month following loss of coverage
- No late enrollment penalty- special paperwork required

#3 General Enrollment Period (GEP)

- January 1st – March 31st
- Coverage begins July 1st
- Late enrollment penalty may apply (10% of the annual Part B premium for every 12 month period delayed)



Am I required to enroll in Medicare?

It depends!

You MUST enroll in Medicare if you are:

- Upon retirement
- Actively working for an employer with less than 20 total employees (carrier dependent)

You are NOT required to enroll in Medicare if you are:

- Actively working for an employer with more than 20 employees

You MAY WANT to enroll in Medicare Part A anyway:

- No premium for most
- May help with your out of pocket inpatient costs



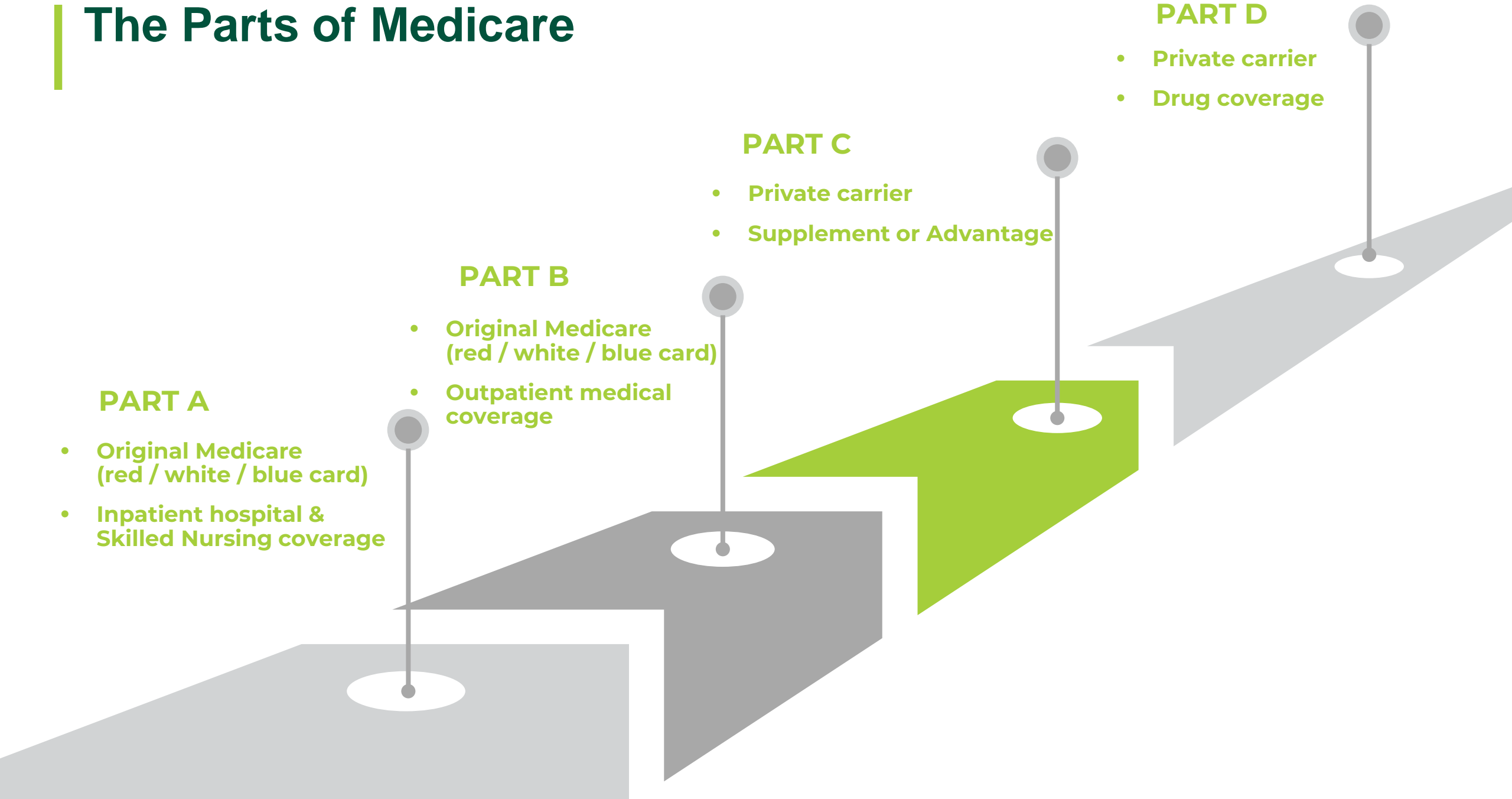
The Parts of Medicare

- PART A**
- Original Medicare (red / white / blue card)
 - Inpatient hospital & Skilled Nursing coverage

- PART B**
- Original Medicare (red / white / blue card)
 - Outpatient medical coverage

- PART C**
- Private carrier
 - Supplement or Advantage

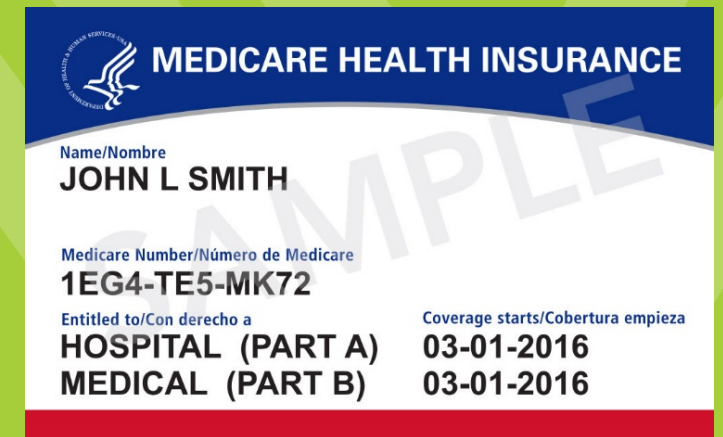
- PART D**
- Private carrier
 - Drug coverage



Medicare

PART A

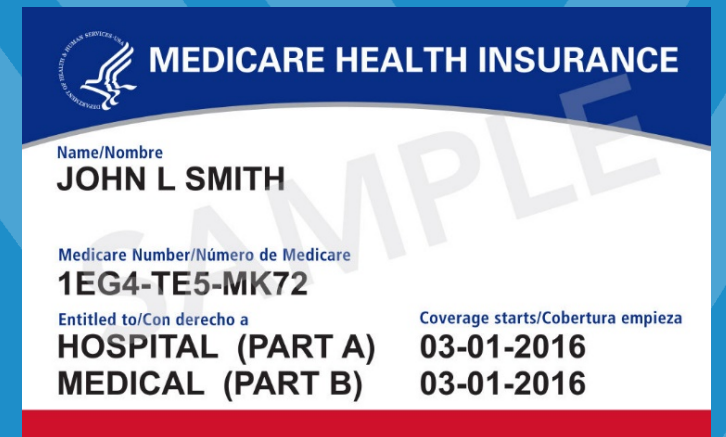
- Inpatient hospital or skilled nursing facility coverage
- No premium (assumes 40 quarters paid)
- 2023 deductible \$1,600 (usually covered by Part C)
- Daily copays apply (sometimes covered by Part C)
- Covers days 1-90 per benefit period in a hospital
- Covers days 1-100 per benefit period for skilled nursing care
- Work with a financial planner and an estate attorney to address these coverage gaps



Medicare

PART B

- Outpatient medical coverage
- Means-tested premium
- Premium can be deducted from Social Security Income
- 2023 deductible \$226- sometimes covered by Part C
- Covers 80% after deductible
- Remaining 20% covered by Part C



Medicare

PART B

MEDICARE 2023 PART B PREMIUMS BY INCOME			
If your filing status and yearly income in 2021 was:			
File Individual Tax Return	File Joint Tax Return	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
Modified Adjusted Gross Income (MAGI)			
Less than or equal to \$97,000	Less than or equal to \$194,000	\$0.00	\$164.90
Greater than \$97,000 and less than or equal to \$123,000	Greater than \$194,000 and less than or equal to \$246,000	\$65.90	\$230.80
Greater than \$123,000 and less than or equal to \$153,000	Greater than \$246,000 and less than or equal to \$306,000	\$164.80	\$329.70
Greater than \$153,000 and less than or equal to \$183,000	Greater than \$306,000 and less than or equal to \$366,000	\$263.70	\$428.60
Greater than \$183,000 and less than \$500,000	Greater than \$366,000 and less than \$750,000	\$362.60	\$527.50
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$395.60	\$560.50



Medicare

PART C

- Private carrier
- Fills in the gaps of or totally replaces original Medicare
- Federally bound to cover the same services as Medicare Parts A & B

MEDICARE SUPPLEMENT

- Fills in the gaps of A&B
- Sometimes called Medigap

MEDICARE ADVANTAGE

- Totally replaces original Medicare
- Part B premium still applies



Medicare

PART C: Supplement vs. Advantage

	Medicare Supplement (Supplements A&B)	Medicare Advantage (Total Replacement of A&B)
Basic Concept	Higher premium, lower out of pocket cost. More freedom, no perks.	Lower premium, higher out of pocket cost. Less freedom, nice perks.
Non-Emergent Network	See any Medicare provider in U.S.	See any contracted network provider
Emergency Coverage	Worldwide	Worldwide
Insurance referrals	Not required	Usually required
Portable	Yes- anywhere in U.S.	Only within same state
Part A Deductible	Usually covered by plan	Usually covered by plan
Part B Deductible	\$226 in 2023	Usually covered by plan
Copays	No	Yes
Drug Coverage	Must purchase separately	Built-in
Bells & Whistles	No	Yes
Average Monthly Premium	\$115 - \$200	\$0 - \$200



Medicare

PART C: Supplement vs. Advantage

	Medicare Supplement	Medicare Advantage
Monthly Premium	\$168	\$109
Non-Emergency Network	Any Medicare Provider in U.S.	Any network provider in MA
Calendar Year Deductible	\$226 (Part B Deductible)	None
Maximum out of Pocket Protection	\$226	\$4,900
Routine / Preventive Care	Covered in full	Covered in full
Office Visit	Covered in full after deductible	\$15 PCP; \$35 Specialist
Labs / Standard Imaging	Covered in full after deductible	\$15
Advanced Imaging (MRI/PET/CT)	Covered in full after deductible	\$225
Inpatient Hospital Stay	Covered in full after deductible	\$250 per day
Outpatient Procedure	Covered in full after deductible	\$250
Worldwide Emergency Room	Covered in full after deductible	\$90
Prescription Drugs (30 Day Retail)	Must purchase separately	\$10 / \$45 / \$95
Dental Allowance	Not Covered	\$250 per year

This chart is just an illustration of an average plan for educational purposes.



Medicare

PART D

- Private carrier
- Drug Coverage
- About 40 drug plan options per state
- Late enrollment penalty for late entrants with no special election period
- Deductible up to \$505 plus copays
- Preferred pharmacies for lower copays
- Mail Order included
- 2023 drug plans range from \$5 to \$130 per month



Medicare

PART D

2023 IRMAA Income Brackets and Part D Premiums Adjustment

\$0 to \$97,000	\$0 to \$194,000	\$0
\$97,001 to \$123,000	\$194,001 to \$246,000	\$12.20
\$123,001 to \$153,000	\$246,001 to \$306,000	\$31.50
\$153,001 to \$183,000	\$306,001 to \$366,000	\$50.70
\$183,001 to \$500,000	\$366,001 to \$750,000	\$70.00
\$500,001 and up	\$750,001 and up	\$76.40



Medicare

PART D

	Part D Drug Plan
Monthly Premium	\$30
Calendar Year Deductible	\$505 (name brand only)
Network	Any pharmacy in the U.S. that accepts Part D @ 43,000 pharmacies nationally
Tier 1 Preferred Generics	\$0 Preferred Network Pharmacy \$19 Standard Network Pharmacy
Tier 2 Generics	\$19 Preferred Network Pharmacy \$20 Standard Network Pharmacy
Tier 3 Preferred Brand	\$46 Preferred Network Pharmacy \$47 Standard Network Pharmacy
Tier 4 Non-Preferred Brand	48% Preferred Network Pharmacy 50% Standard Network Pharmacy
Tier 5 Specialty	25%

This chart is just an illustration of an average plan for educational purposes.



- Medicare Rules

- You cannot contribute to an H.S.A. while enrolled in Medicare
- 6 month backdate of Part A
- You must enroll in Medicare within 8 months of retirement or loss of employer sponsored coverage to avoid a lifelong late enrollment penalty.



Let's stay in touch!



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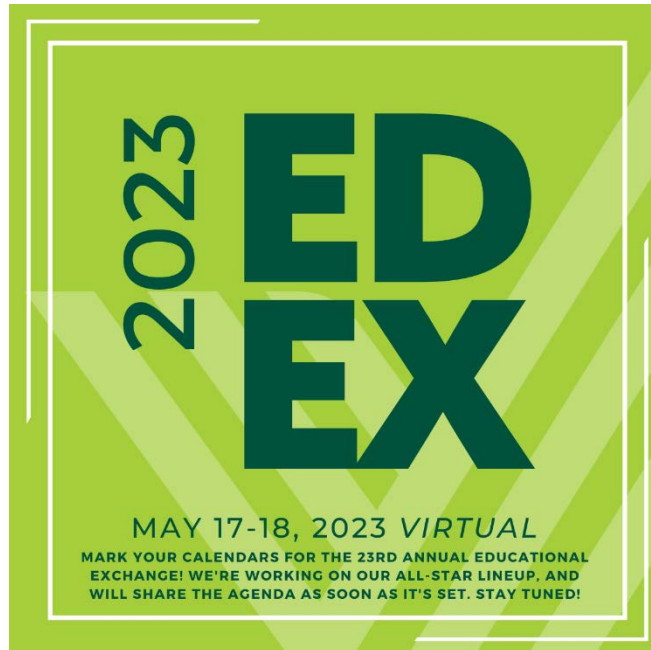
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Webinars coming up...

Register at sentinelgroup.com!



National Resources

- Centers for Medicare and Medicare Services (CMS): **1-800-MEDICARE** (**1-800-633-4227**) TTY: **1-877-486-2048**

Medicare and You Handbook
www.medicare.gov

Social Security Office: **1-800-772-1213**
www.ssa.gov

IRS: **1-800-829-1040**
www.irs.gov

- 4/27 @ 12pm EST: Easy Strategies to Streamline Your Retirement Plan Administration**

