

Navigating Social Security and Medicare

In 1940, the life expectancy of a 65-year-old was almost 14 years; today it is just over 20 years.

Social Security – Past, Present, Future

- Established in 1935 during the Great Depression
- Amended in 1983 to prevent funding shortage
 - Increased payroll taxes from 13.4% to 15.3%
 - Delayed Full Retirement Age (FRA) from 65 to 67
- Additional adjustments needed for the future
 - 2018 first time since 1982 expenses are expected to exceed income
 - 2034 trust fund reserves are projected to be exhausted
 - Multiple solutions available

Four Types of Benefits

- Your Own Retirement Benefit: Based on your own earnings record
- Spousal Benefit: Based on your spouse's earnings record
- Survivor Benefit: Based on the earnings record of a deceased spouse
- Disability Benefit: Accelerated benefit based on your own earnings record

How is my own benefit calculated?

- Averages your 35 years of highest indexed earnings
- Applies a formula to calculate Primary Insurance Amount (PIA) = Your monthly benefit at Full Retirement Age (FRA)
- Formula replaces a higher percentage of lower earnings
- Requires a minimum 40 quarters (10 years) work history
- Highest annual FRA benefit today is \$34,332

Where can I see my own benefit?

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1986	578	578
1987	1,427	1,427
1988	2,534	2,534
1989	4,215	4,215
1990	5,813	5,813
1991	7,199	7,199
1992	9,045	9,045
1993	11,245	11,245
1994	13,585	13,585
1995	15,337	15,837
1996	18,155	18,155
1997	20,718	20,718
1998	23,177	23,177
1999	25,703	25,703
2000	28,197	28,197
2001	29,851	29,851
2002	30,982	30,982
2003	32,430	32,430
2004	34,617	34,617
2005	36,544	36,544
2006	38,822	38,822
2007	41,162	41,162
2008	42,601	42,601
2009	42,492	42,492
2010	Not yet recorded	Not yet recorded

Best 35 Years

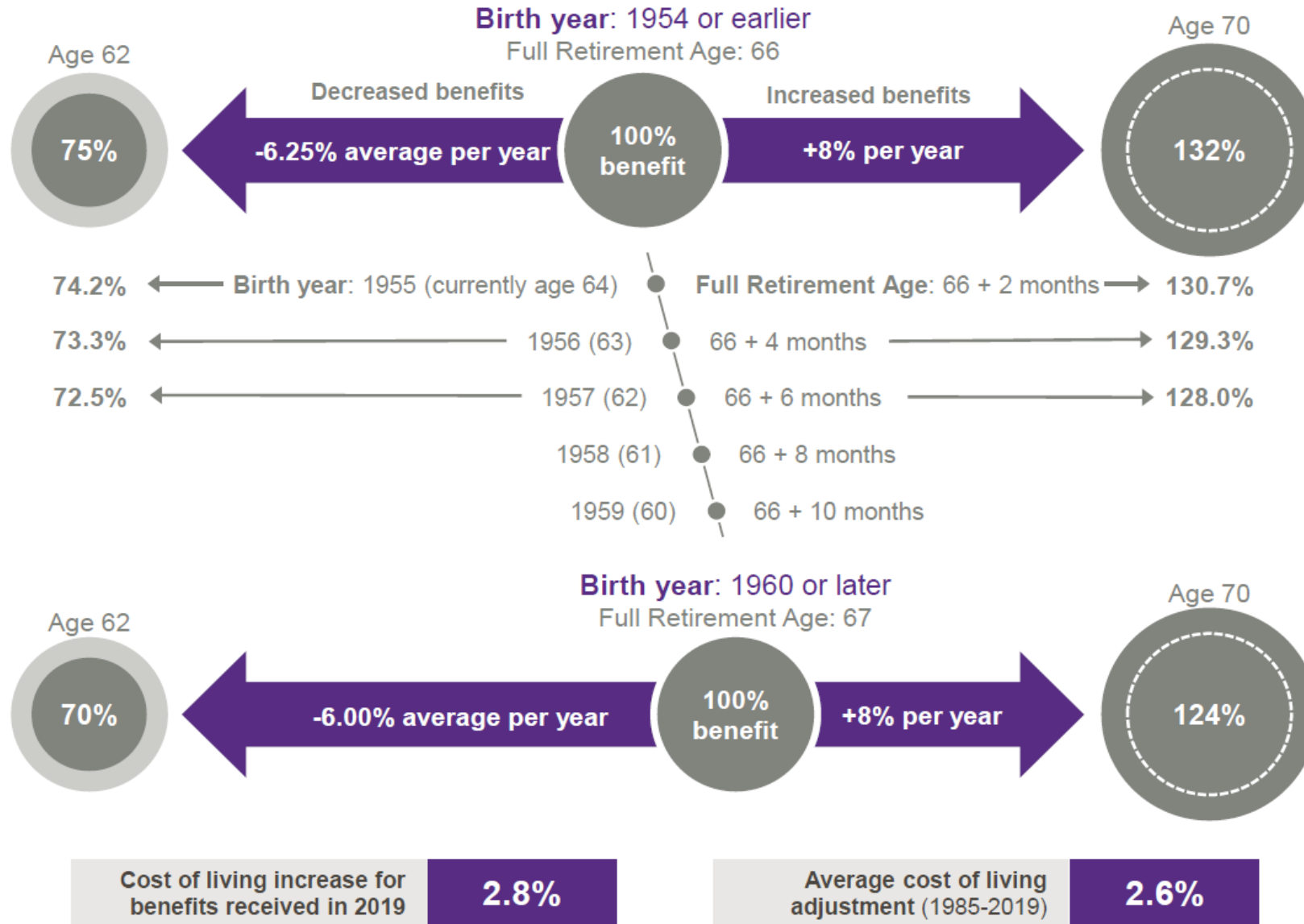
Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until... your full retirement age (67 years), your payment would be about..... age 70, your payment would be about\$ 1,554 a month ...\$ 1,938 a month ...\$ 1,072 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....	...\$ 1,419 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	...\$ 1,107 a month
	Your spouse who is caring for your child.....	...\$ 1,107 a month
	Your spouse, if benefits start at full retirement age.....	...\$ 1,777 a month
	Total family benefits cannot be more than\$ 2,720 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	

...\$ 1,554 a month
 ...\$ 1,938 a month
 ...\$ 1,072 a month

Online Statements or Retirement Estimator
www.ssa.gov

When should you start your own benefit?

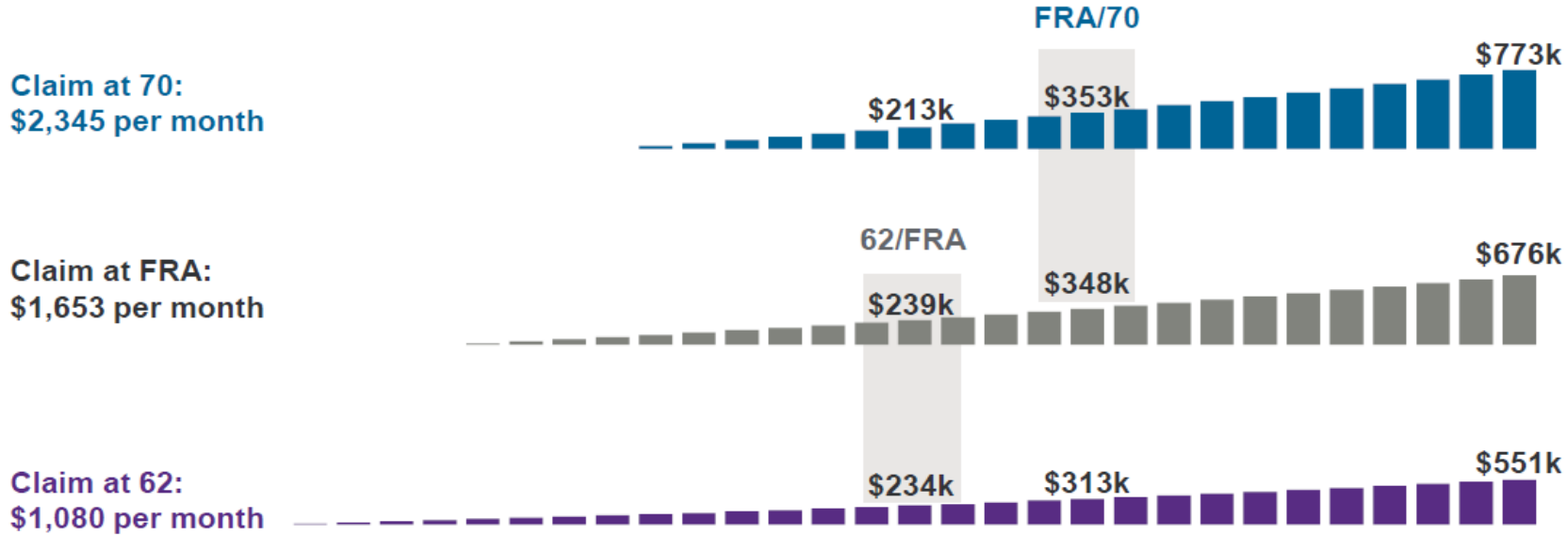


Finding your breakeven age

Cumulative individual median benefit by claim age

Full Retirement Age (FRA) = Age 66 & 6 months

■ Breakeven age



At age 62, probability of living to at least age:	62	66	70	76	80	90
Male (♂)	100%	94%	87%	73%	60%	21%
Female (♀)	100%	97%	92%	81%	71%	32%
Both (♂♀*)	100%	99%	99%	95%	88%	47%

Source: Social Security Administration, Current Population Survey, J.P. Morgan Asset Management.

How is my Spousal Benefit calculated?

You are entitled to receive the higher of:

- Your own Retirement Benefit based on your work history

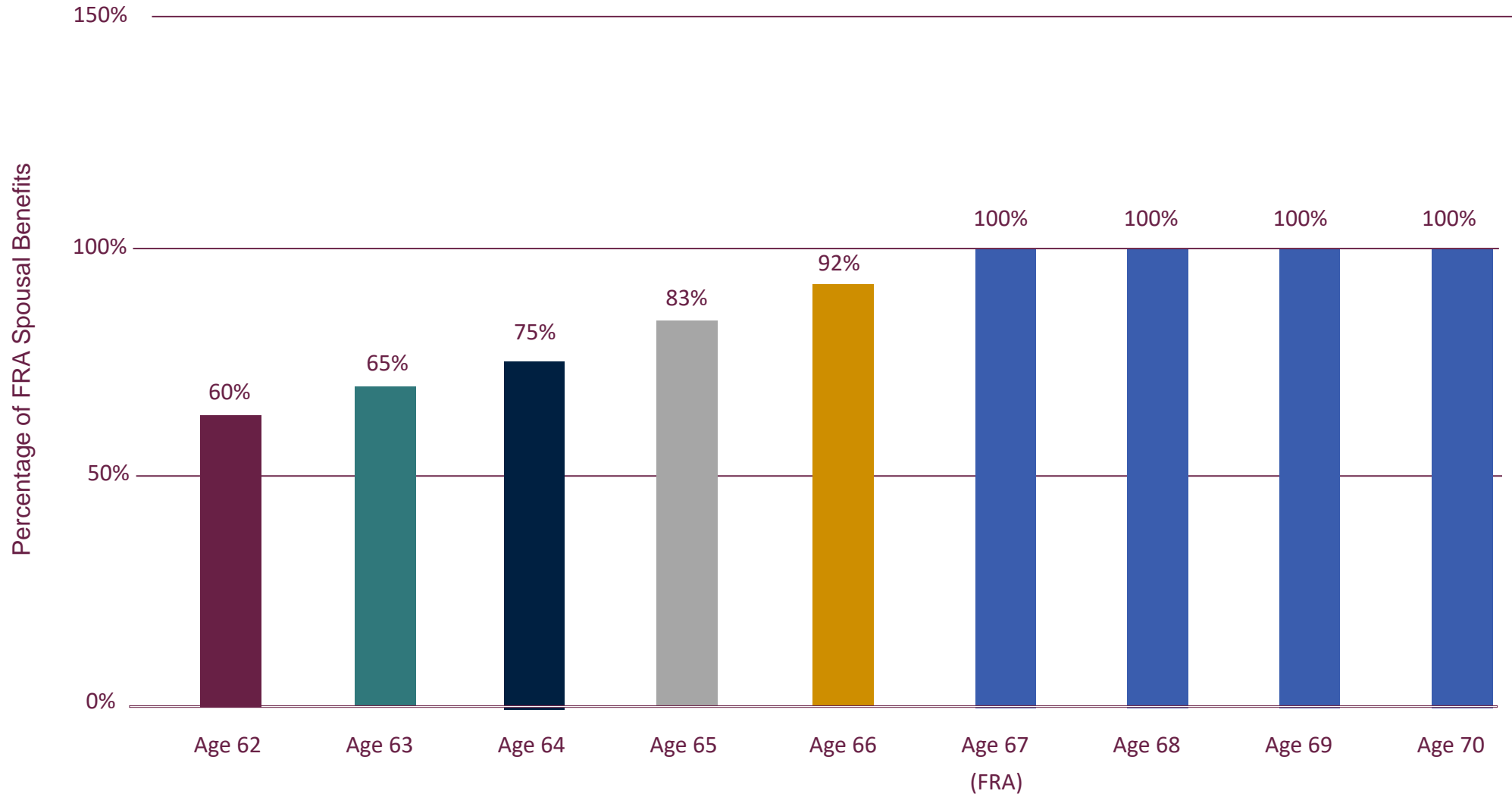
Or

- 50% of your Spouse's FRA Retirement Benefit

You will receive a lower Spousal Benefit if you claim before your FRA but will ***not*** receive a higher Spousal Benefit for claiming past your FRA

Deciding when to start Spousal Benefits

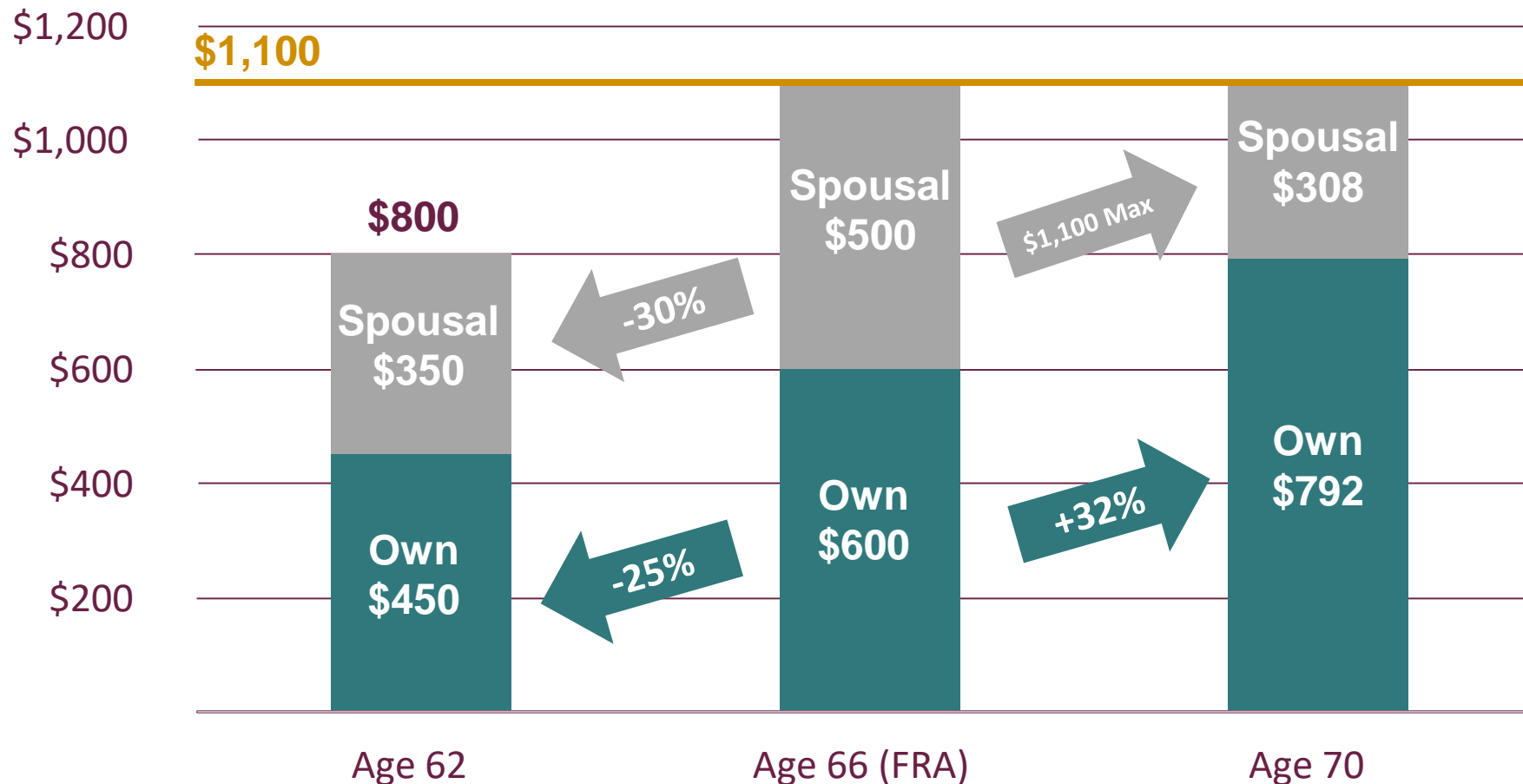
Maximum Spousal Benefit Amount



Spousal Benefit layers

Jordan, age 66
PIA: \$2,200

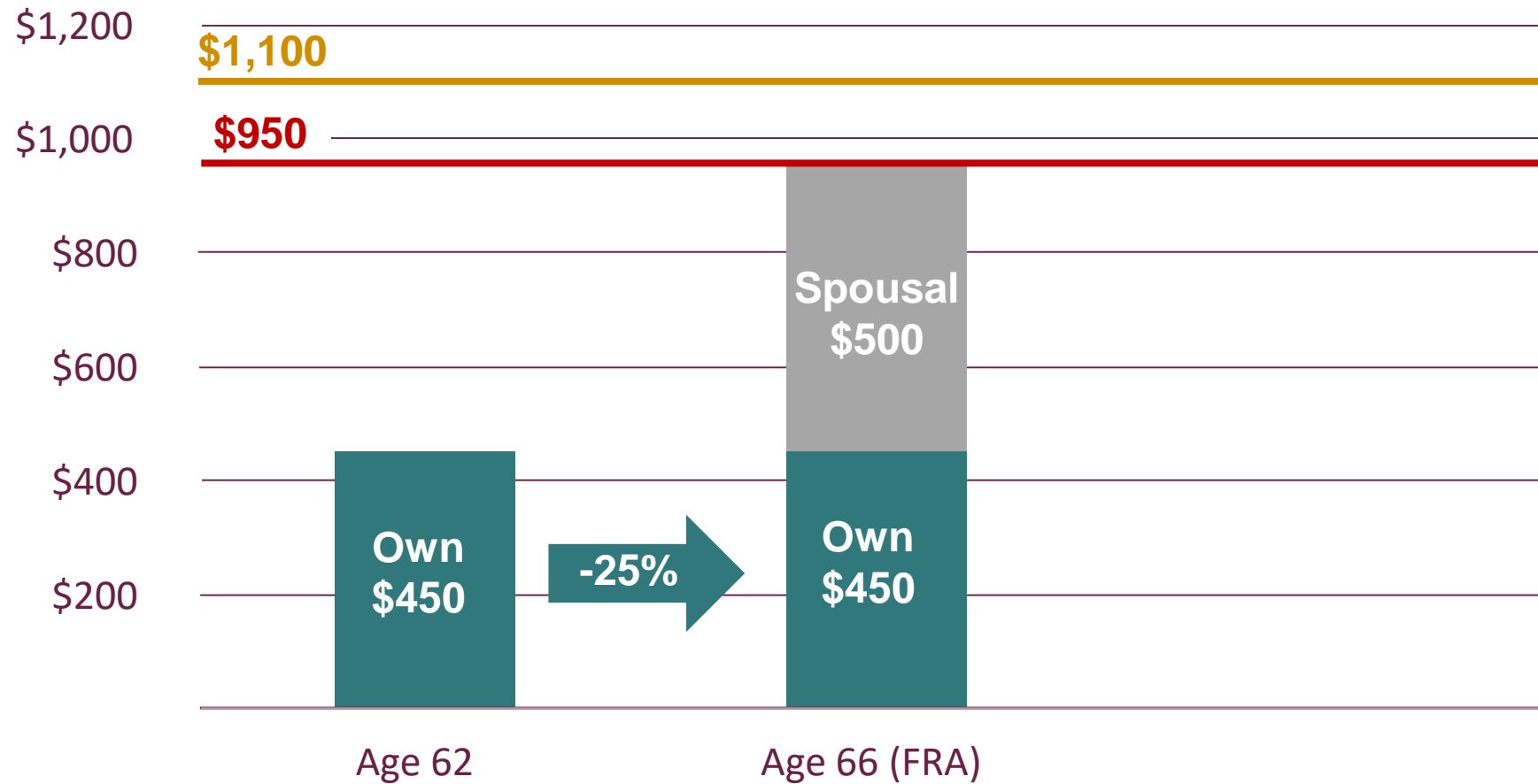
Amy, age 66
PIA: \$600



Spousal Benefit layers

Jordan, age 66
PIA: \$2,200

Amy, age 66
PIA: \$600

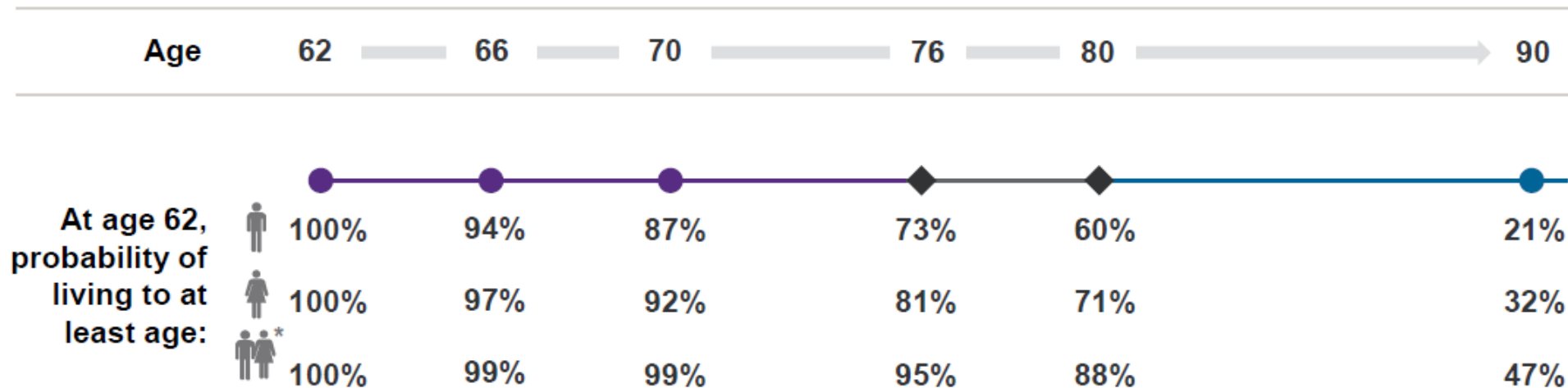


The impact of Deemed Filing

- You can no longer pick & choose which benefit you want to receive (your own vs. spousal)
- Instead, you are “deemed” to be filing for the highest available benefit
- **You can only receive a Spousal Benefit if your spouse is currently receiving their own benefit**
- If born on or before January 1, 1954 (age 65 or older today), you can still file a Restricted Benefit

Survivor Benefits – Survivor FRA+

- At the death of a spouse, the surviving spouse receives the greater of their current benefit or their deceased spouse's benefit.
- Stretches the impact of the higher earner's decision of when to claim over both life spans.

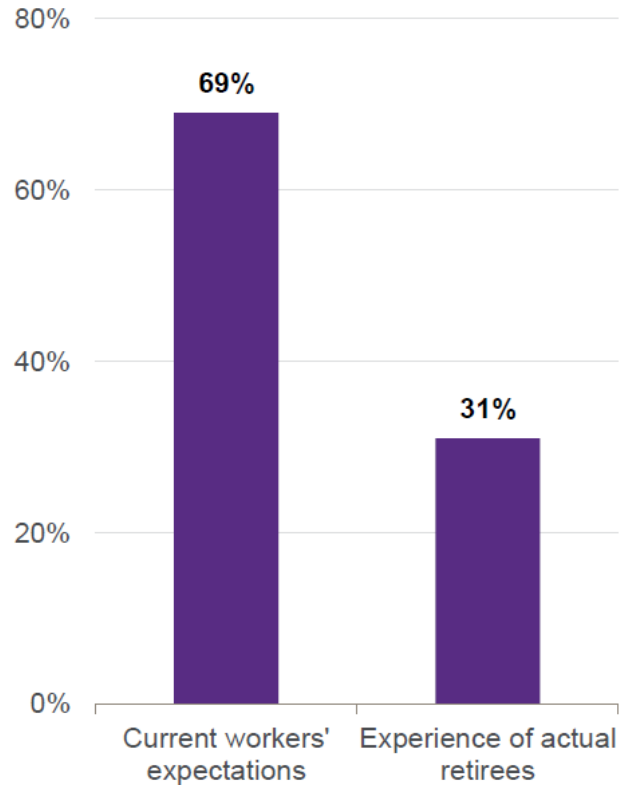


Survivor Benefits – Survivor under FRA

- If caring for a child of the deceased under age 16 or disabled, surviving spouse receives 75% of deceased spouse's benefit
- Each child under 18 or disabled also receives 75%
- Dependent parent(s) age 62+: One 82.5%/ Two 75% each
- Maximum Family Amount is typically 150% – 180% of deceased's benefit
- At age 60, Surviving Spouse can file for Survivor Benefits at a permanent 71.5% reduction, which decreases each year they delay until reaching 100% at their FRA (approximately 4% per year if FRA is 67). Deemed filing does not apply.

Disability Benefits

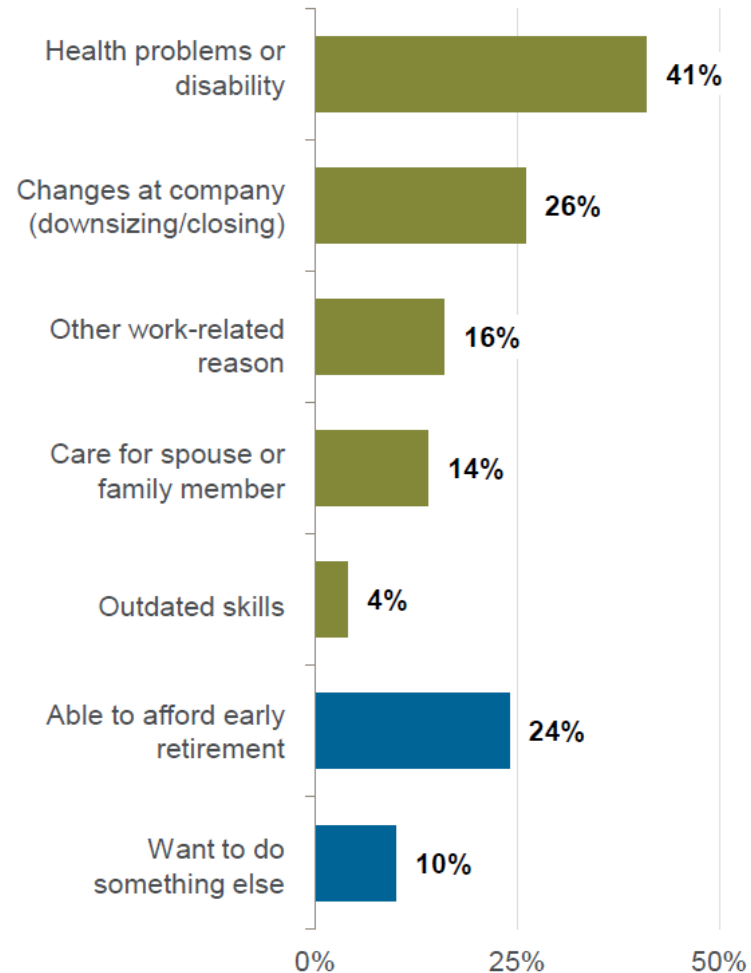
Expectations of workers vs. retirees
To retire at age 65 or older



Median retirement age

Expected:	65
Actual:	62

Reasons cited for retiring earlier than planned



- Must be unable to perform any substantial work *and* disability expected to last at least 1 year or result in death
- Not need based. (SSI is separate and is need based.)
- Benefit amount based on your current projected FRA benefit
- Approval can take 3-5 months
- Automatically enrolled in Medicare after receiving benefits for 2 years

Changing your mind

- Once-in-a-lifetime opportunity to wipe the slate clean anytime within 12-months of first filing for benefits
- No time restriction for changing your mind on survivor or disability benefits
- Must file form 521 and repay all benefits received

SOCIAL SECURITY ADMINISTRATION		Form Approved OMB No. 0960-0015	
REQUEST FOR WITHDRAWAL OF APPLICATION		TOE 420 Do not write in this space	
<p>IMPORTANT NOTICE.— This is a request to cancel your application. If it is approved, the decision we made on your application will have no legal effect, all rights attached to an application, including the rights of reconsideration, hearing, and appeal will be forfeited, and any payments we made to you or anyone else on the basis of that application will have to be returned. You must then reapply if you want a determination of your Social Security rights at any time in the future but any subsequent application may not involve the same retroactive period. This procedure is intended to be used only when your decision to file has resulted, or will result, in a disadvantage to you. Your local Social Security office will be glad to explain whether, and how, this procedure will help you.</p>			
NAME OF WAGE EARNER, SELF-EMPLOYED INDIVIDUAL, OR ELIGIBLE INDIVIDUAL		SOCIAL SECURITY NUMBER	
PRINT YOUR NAME (First name, middle initial, last name)		DATE OF APPLICATION	TYPE OF BENEFIT
		TYPE OF APPLICATION	
<p>I hereby request the withdrawal of my application, dated as above, for the reasons stated below. I understand that (1) this request may not be cancelled after 60 days from the mailing of notice of approval; and (2) if a determination of my entitlement has been made, there must be repayment of all benefits paid on the application I want withdrawn, and all other persons whose benefits would be affected must consent to this withdrawal. I further understand that the application withdrawn and all related material will remain a part of the records of the Social Security Administration and that this withdrawal will not affect the proper crediting of wages or self-employment income to my Social Security earnings record.</p>			
Give reason for withdrawal. (If you need more space, use the reverse of this form.)			
<p>1. <input type="checkbox"/> I intend to continue working. (I have been advised of the alternatives to withdrawal for applicants under full retirement age and still wish to withdraw my application.)</p> <p>2. <input type="checkbox"/> Other (Please explain fully): _____</p>			
			<input type="checkbox"/> Continued on reverse
SIGNATURE OF PERSON MAKING REQUEST		Date (Month, day, year)	
Signature (First name, middle initial, last name) (Write in ink)		Telephone Number (include area code)	
SIGN HERE ▶			
Mailing Address (Number and Street, Apt. No., P.O. Box, or Rural Route)			
City and State	ZIP Code	Enter Name of County (if any) in which you now live	
Witnesses are required ONLY if this request has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person making the request must sign below, giving their full addresses.			
1. Signature of Witness		2. Signature of Witness	
Address (Number and Street, City, State and ZIP Code)		Address (Number and Street, City, State and ZIP Code)	
FOR USE OF SOCIAL SECURITY ADMINISTRATION			
<input type="checkbox"/> APPROVED	<input type="checkbox"/> NOT APPROVED BECAUSE _____	<input type="checkbox"/> BENEFITS NOT REPAID	<input type="checkbox"/> CONSENT(S) NOT OBTAINED
		<input type="checkbox"/> OTHER (Attach special determination)	
SIGNATURE OF SSA EMPLOYEE		TITLE	DATE
		<input type="checkbox"/> CLAIMS AUTHORIZER	<input type="checkbox"/> OTHER (Specify)

Divorced Spouses

Spousal Benefits

- Married to ex-spouse 10+ years
- Currently unmarried
- Both are at least age 62
- Divorced for at least 2 years (unless eligible at time of divorce)
- Ex-spouse not required to be receiving benefits

Survivor Benefits

- Married to ex-spouse 10+ years
- Currently unmarried or married after age 60
- At least age 60
- If carrying for ex-spouse's child under age 16 or disabled, age and marriage length not required

The wives of Johnny Carson

- Former late-night TV talk show host Johnny Carson was married 4 times. His first marriage lasted about 15 years; the second, 9 years; and the third, 13 years. The fourth marriage was intact when he died in 2005 and lasted 18 years.
- When Johnny died, it is likely that the first, third, and fourth wives received the same survivor benefit amount. His second wife missed qualifying by 1 year.
- Additionally, if he had any children under age 18 at death, they also would have received 75% of his benefit.

Collecting early and continuing to work

2019 Retirement Earnings Limit

Your Age	2019 limit	What Happens Above the Limit
Under FRA	\$17,640/year	\$1 of benefits withheld per \$2 of earnings above limit
Year you reach FRA	\$46,920/year	\$1 of benefits withheld per \$3 of earnings above limit for months prior to reaching FRA
Month you reach FRA and beyond	None	Nothing

**Applies to any retirement benefits collected before FRA.
Earnings limit looks at your wages or self-employment income only.
Your monthly benefits will increase at FRA to offset any reduction.**

Taxation of Social Security benefits

Provisional Income =
 $\frac{1}{2}$ Social Security Benefits + Modified
Adjusted Gross Income

Single
\$0

**Married,
Filing Jointly**
\$0

0% of Benefits are Taxable

\$25,000

\$32,000

0-50% of Benefits are Taxable

\$34,000

\$44,000

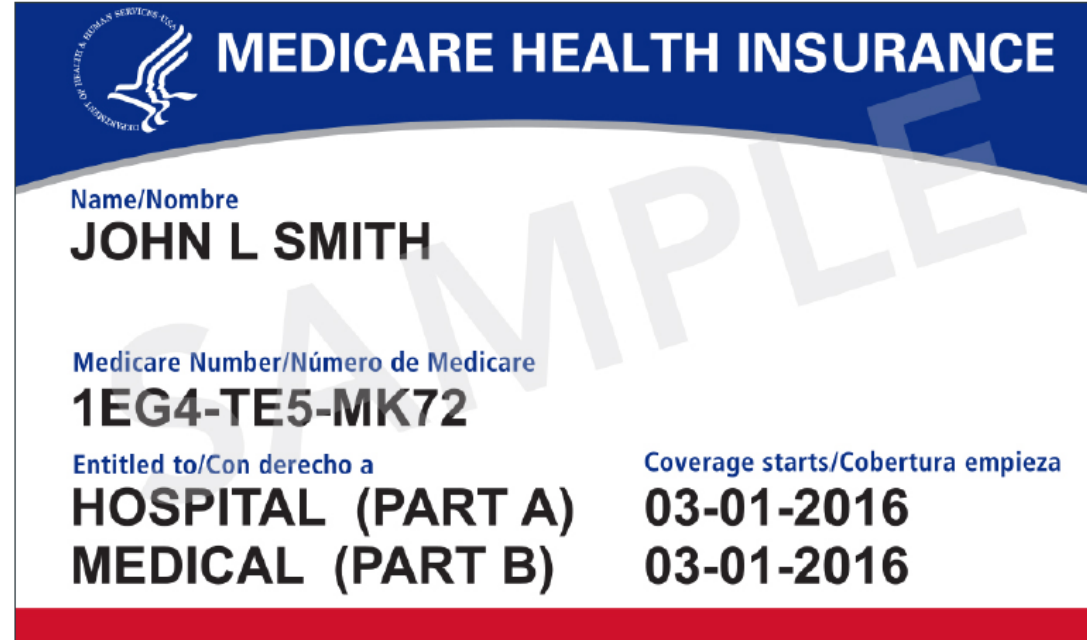
51-85% of Benefits are Taxable

Today, nearly 54 million Americans,
or 15% of the nation's population,
depend on Medicare for health
insurance coverage.

Medicare – Who qualifies?

You qualify for part or all of Medicare coverage if you:

1. Are turning 65 or older; *or*
2. Have been receiving Social Security disability benefits for at least 24 months; *or*
3. Have a severe disability; *or*
4. Have end stage renal disease



The image shows a sample Medicare Health Insurance card. The card has a blue header with the Medicare logo and the text "MEDICARE HEALTH INSURANCE". Below the header, the cardholder's name is listed as "JOHN L. SMITH". The Medicare Number is "1EG4-TE5-MK72". The card is entitled to "HOSPITAL (PART A)" and "MEDICAL (PART B)" coverage, both starting on "03-01-2016". A large "SAMPLE" watermark is visible across the card.

MEDICARE HEALTH INSURANCE	
Name/Nombre JOHN L. SMITH	
Medicare Number/Número de Medicare 1EG4-TE5-MK72	
Entitled to/Con derecho a	Coverage starts/Cobertura empieza
HOSPITAL (PART A)	03-01-2016
MEDICAL (PART B)	03-01-2016

Medicare – Choose your path

Option 1: Original Medicare



You can add:



You can also add:



Option 2: Medicare Advantage (Part C)



(Most plans cover prescription drugs.
If yours doesn't, you may be able to join a
separate Part D plan.)

Part A – Hospital Insurance



Part A Hospital Insurance

Helps cover:

- Inpatient care in hospitals
- Skilled nursing facility care (not long-term care)
- Home health care & hospice care

Premium	<ul style="list-style-type: none">•\$0 if paid 10+ years of FICA•\$437 per month if not
Inpatient hospital	<ul style="list-style-type: none">•You pay: \$1,364 deductible for each benefit period•Days 1-60: \$0 coinsurance for each benefit period•Days 61-90: \$341 coinsurance per day of each benefit period•Days 91 and beyond: \$682 coinsurance per each "lifetime reserve day" after day 90 for each benefit period (up to 60 days over your lifetime)•Beyond lifetime reserve days: all costs
Skilled nursing facility care	<ul style="list-style-type: none">•Days 0-20: \$0 deductible and co-insurance for each benefit period•Days 21-100: \$117.50 per day for each benefit period•Days 101 and beyond: All costs for each benefit period

Part B – Medical/Doctor Insurance



Helps cover:

- Services from doctors and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment
- Many preventive services

Premium	<ul style="list-style-type: none">•Base Premium: \$135.50 per month•Surcharges scale up with income•Lifetime late enrollment penalty: 10% for each full 12-month period delay
Deductible & co-insurance	<ul style="list-style-type: none">•Annual Deductible: \$185•Co-insurance: 20% of the Medicare-approved amount•No yearly limit for what you pay out-of-pocket

Part D – Prescription Drug Insurance

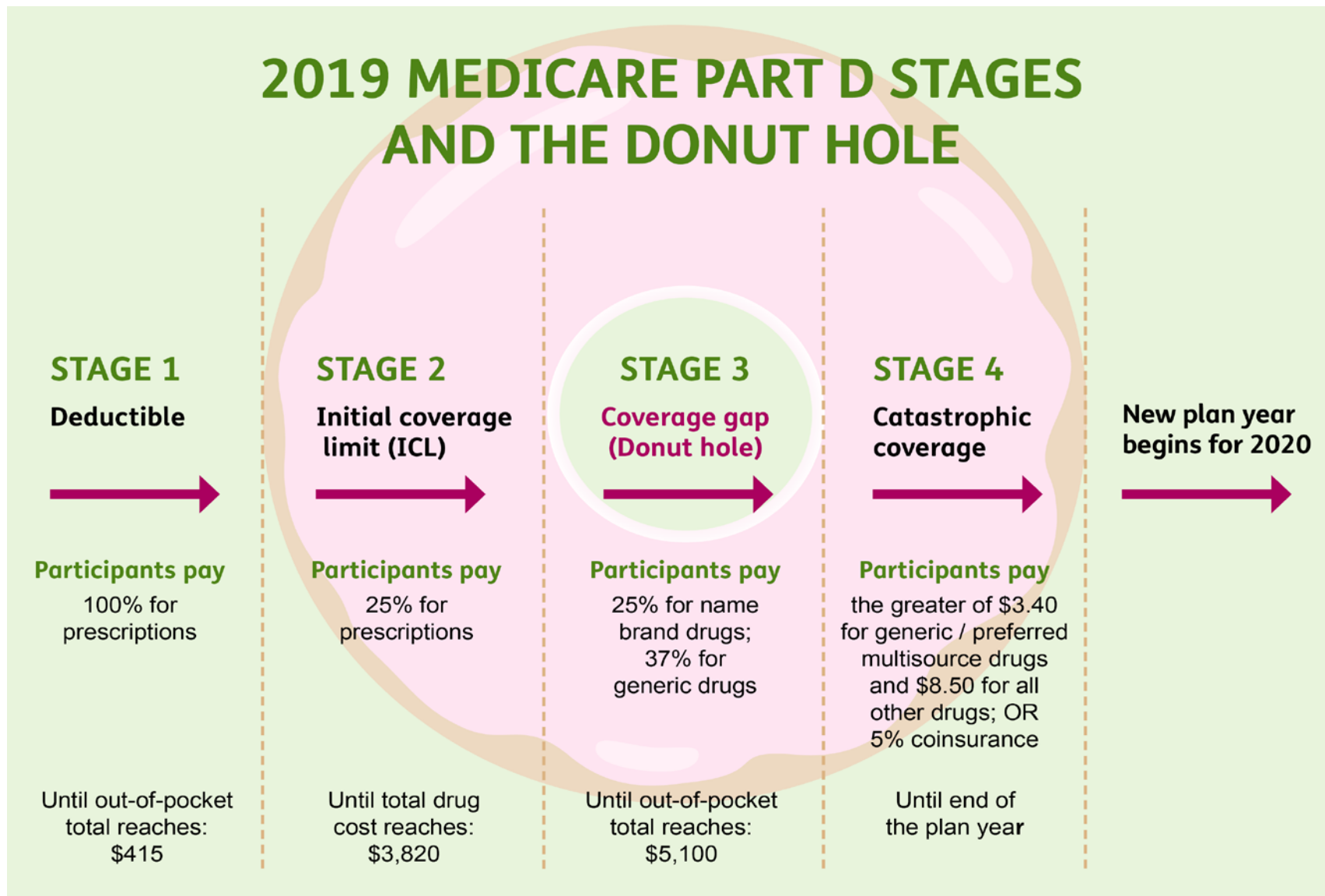
Helps cover:



- Prescription drug costs
- Offered by private insurance carriers
- Each carrier & plan has its own formulary, tiers, co-pays, preferred pharmacies, etc. that can change annually
- It is essential to evaluate plan coverage vs. your expected drug needs annually <https://www.medicare.gov/find-a-plan>

Premium	<ul style="list-style-type: none">•Base Premium: Set by each carrier. National base premium \$33 per month•Surcharges scale up with income•Lifetime late enrollment penalty: 1% x base premium x months without coverage
Deductible & co-insurance	<ul style="list-style-type: none">•Most plans have a “donut-hole” coverage gap for deductible & co-insurance•Gap has closed significantly over the past several years due to provisions in the ACA

Part D – “Donut-Hole” coverage gap



Medigap – Supplemental Plans



Helps cover:

- Your deductibles, co-payments, and co-insurance for Medicare Part A & Part B
- Some policies also offer coverage for services that Original Medicare doesn't cover, like medical care when you travel outside the U.S.
- Sold by private insurance carriers
- Coverage for each Plan type is standardized by Medicare but premiums charged by carriers are not
- Premiums can increase with age

Medigap – Supplemental Plans

Benefits	Medicare Supplement Insurance (Medigap) plans									
	A	B	C	D	F*	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
							Out-of-pocket limit in 2019	\$5,560	\$2,780	

Medicare Advantage – Part C

- Wide variety of plans sold by private insurance carriers
- Most include Medicare prescription drug coverage (Part D)
- Can be HMO or PPO and both typically have set networks & may require pre-approval or referral for services
- Some Medicare Advantage Plans cover additional items not covered by Original Medicare like vision, hearing, dental.
- In addition to your Part B premium, you might have to pay a monthly premium for the Medicare Advantage Plan.
- Medicare Advantage Plans set a yearly limit on your out-of-pocket costs for medical services. Once you reach this limit, you'll pay nothing for covered services. Maximum limit for 2019 is \$6,700. Does not apply to prescription drugs.



Medicare – How to Enroll

Currently receiving Social Security benefits:

- You will automatically enrolled in Medicare parts A and B
- You need to apply for Part D or Medicare Advantage during your Initial Enrollment Period (IEP)
- If you are covered by a qualified employer health plan, you might want to refuse Part B by contacting Social Security before your 65th birthday

Medicare – How to Enroll

Turning 65, not receiving Social Security benefits, without qualified employer-based healthcare coverage:

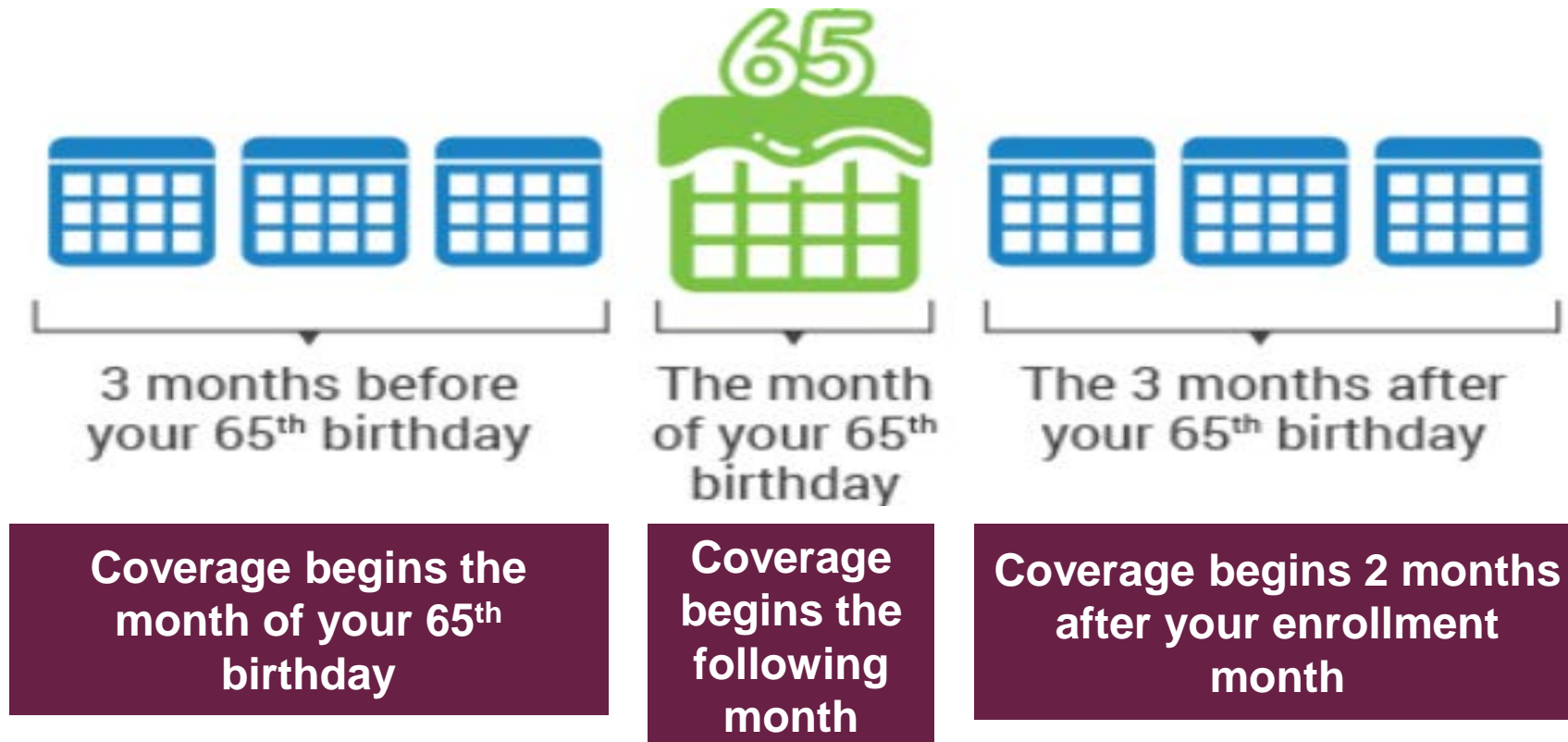
- You need to apply for Medicare Part A, Part B, Part D and Medicare Advantage during your IEP
- Apply online at ssa.gov/retirement or call 1-800-772-1213

Over 65 and losing qualified employer-based coverage

- You can apply for Medicare Part A, Part B, Part D and Medicare Advantage during your Special Enrollment Period (SEP)
- Most employer-based health coverage require you to enroll in Part A as primary/secondary insurance when you turn 65
- You cannot contribute to an HSA while enrolled in Part A

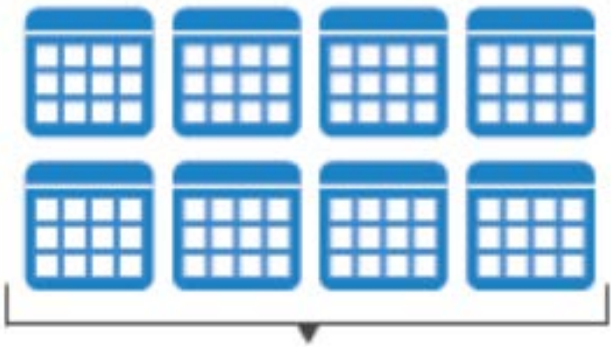
Medicare – Initial Enrollment Period (IEP)

- Your first and most important window for enrollment.
- Seven months total: Begins three months before your 65th birthday month and ends three months after your birthday month



Medicare – Special Enrollment Period (SEP)

- Windows of opportunity to enroll in certain parts of Medicare outside of your IEP
- If you have been covered under a qualified employer group health plan, you are granted an SEP to sign up for Medicare parts A, B, D and Medicare Advantage Part C when your employer coverage ends



Parts A & B: Your SEP lasts eight months after your employer coverage ends



Parts D & C: Your SEP lasts two months after coverage ends

If you miss your IEP & SEP, you will have to wait for a General Enrollment Period and may pay lifelong penalties

Medigap – Open Enrollment Period

- During this period, you can buy and Medigap policy sold in your state, even if you have health problems, without being subject to medical underwriting or health-adjusted premiums.
- Use caution when flipping back-and-forth between Medicare Advantage and Original Medicare

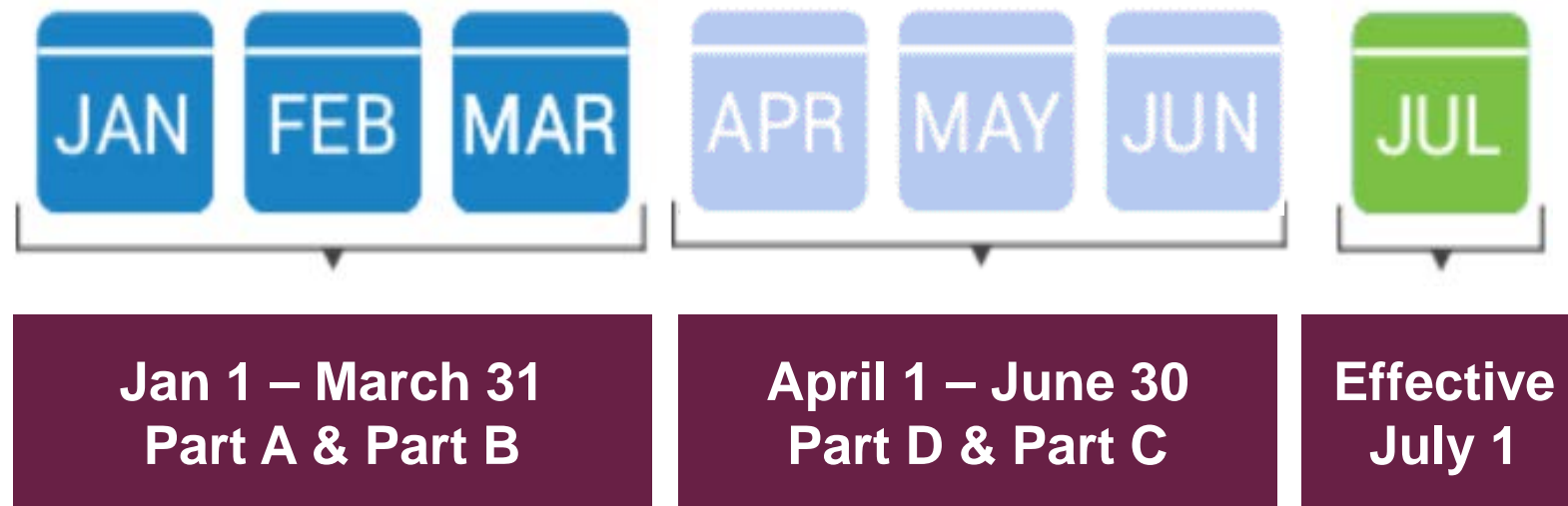


This six-month period begins on the first day of the month in which you are 65 or older and first enrolled in Medicare Part B.

- After this one-time enrollment period, you may be unable to purchase a Medigap policy. If you're able to buy one, you may be subject to underwriting and higher premiums.

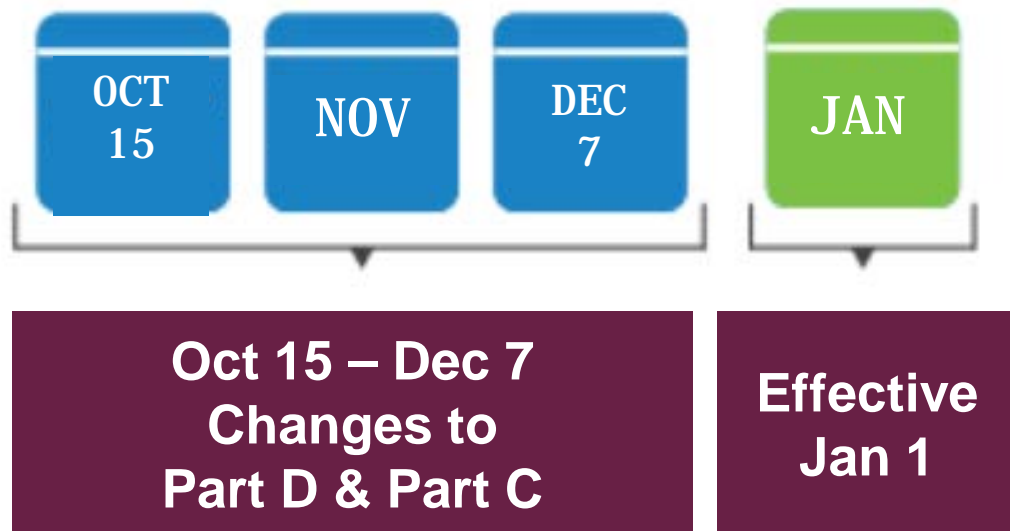
Medicare – General Enrollment Period

- If you did not enroll when you first became eligible under your IEP or SEP, you may enroll in Medicare Parts A, B, D and Medicare Advantage Part C during this annual period
- Coverage is effective July 1st
- Life-long penalties may apply



Medicare Open Enrollment Period (OEP)

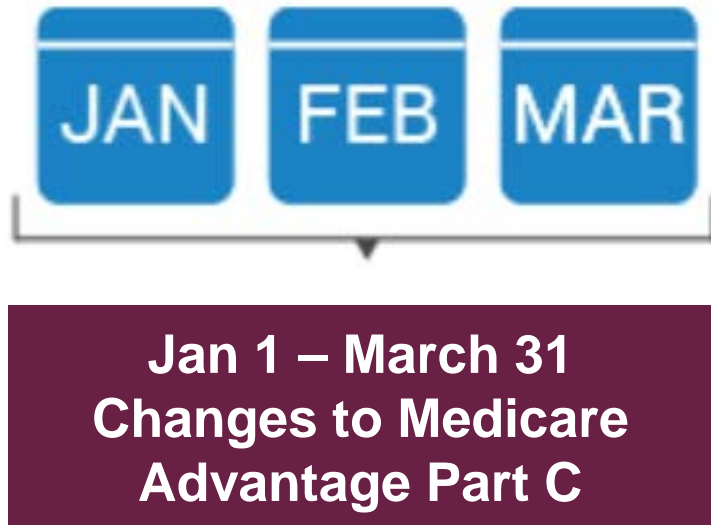
- The annual Open Enrollment Period (OEP) is also known as Annual Election Period. This is your annual opportunity to change Medicare Part D prescription plans and to enroll in or make changes to Medicare Advantage.
- You can also change from Original Medicare to Medicare Advantage or vice versa during this period.



- Compare your current medications and any changes to your current Part D plan's formulary and co-pays for the coming year.

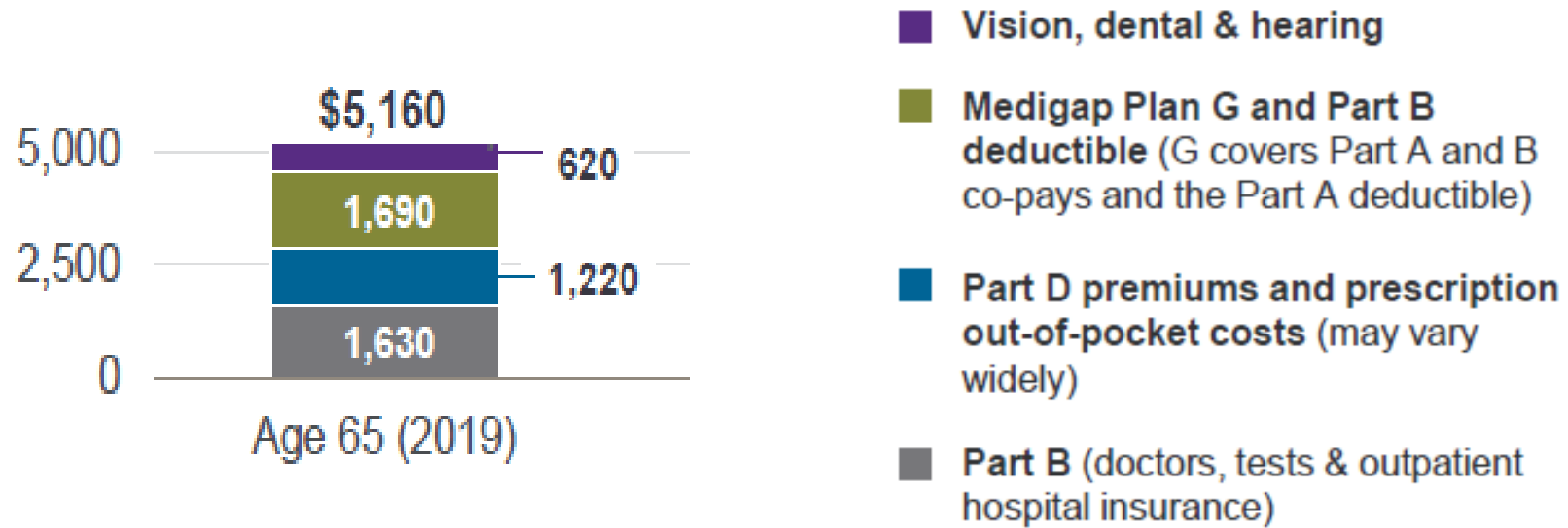
Medicare Advantage Open Enrollment Period (MA OEP)

- Formerly known as Medicare Advantage Disenrollment Period
- During this period, you can disenroll from a Medicare Advantage plan and switch to Original Medicare. (You can not do the reverse during this time frame.)



- You can also switch between Medicare Advantage plans if you are currently enrolled in a Medicare Advantage plan.
- Changes are effective the first of the month after your request
- You can only make one change during this time period.

Medicare – Premium Costs



2019 additional premium per person for Modified Adjusted Gross Incomes (MAGI) of:

FILING SINGLE	MARRIED FILING JOINTLY	ADDITIONAL PREMIUM	TOTAL MEDIAN COSTS
\$85,001 – \$107,000	\$170,001 – \$214,000	\$798	\$5,958
107,001 – 133,500	214,001 – 267,000	2,008	7,168
133,501 – 160,000	267,001 – 320,000	3,217	8,377
160,001 – 499,999	320,001 – 749,999	4,426	9,586
>499,999	>749,999	4,829	9,989

Source: Employee Benefit Research Institute (EBRI) as of January 18, 2019; SelectQuote as of January 18, 2019; Milliman as of January 21, 2019; CMS website as of January 18, 2019; Consumer Expenditure Survey as of January 18, 2019; J.P. Morgan analysis.

Medicare – Appealing Premium Surcharges

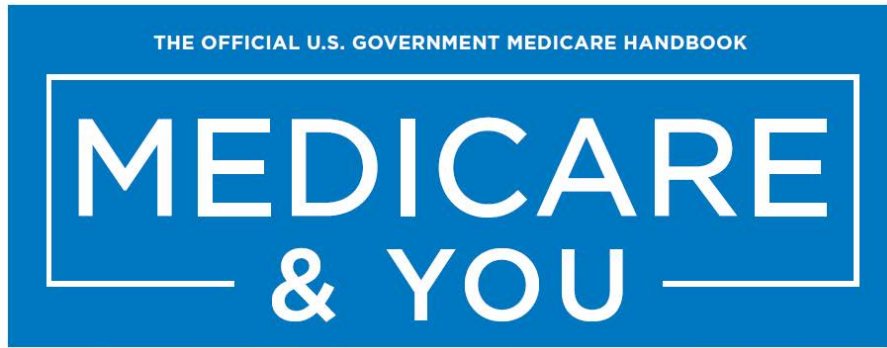
- Income-related additional premiums are calculated annually from your MAGI 2 or 3 years prior
- If you experienced a “Life-Changing Event” in those two years, you can file Form SSA-44 requesting a reduction

Life-Changing Event	Use this category if...
Marriage	You entered into a legal marriage.
Divorce/Annulment	Your legal marriage ended, and you will not file a joint return with your spouse for the year.
Death of Your Spouse	Your spouse died.
Work Stoppage or Reduction	You or your spouse stopped working or reduced the hours that you work.
Loss of Income-Producing Property	You or your spouse experienced a loss of income-producing property that was not at your direction (e.g., not due to the sale or transfer of the property). This includes loss of real property in a Presidentially or Gubernatorially-declared disaster area, destruction of livestock or crops due to natural disaster or disease, or loss of property due to arson, or loss of investment property due to fraud or theft.
Loss of Pension Income	You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan.
Employer Settlement Payment	You or your spouse receive a settlement from an employer or former employer because of the employer's bankruptcy or reorganization.

Medicare and Long Term Care

- Neither Original Medicare, Medigap nor Medicare Advantage covers Long-Term Care
- Medicaid is the Government program that covers Long-Term Care for those with extremely limited resources and income
- You can buy a Long-Term care insurance from private carriers
- Visit [longtermcare.gov](https://www.longtermcare.gov) for more information and resources

Medicare Resources



2019



Medicare.gov - The Official U.S. Government Site for Medicare <http://www.medicare.gov>
800-MEDICARE(633-4227) 24 hours a day, seven days a week

<http://Eldercare.gov> - Public service of the U.S. Administration on Aging, which connects people to services for older adults and their families.
800-677-1116 Monday - Friday 9 a.m. - 8p.m.

<http://www.shiptacenter.org> - The State Health Insurance Assistance Program site that directs consumers to free Medicare counseling and assistance. SHIP is a public service of the U.S. Administration for Community Living.

The difference between
retiring *from* something and
retiring *to* something is a plan.

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Bri Ghosn joined TCO in 2018. She has over a decade of experience providing financial services to individuals, families and organizations.

She is a CPA and holds both the Certified Financial Planner (CFP®) and the Certified Divorce Financial Analyst (CFDA®) designations.

Over the course of her career, Bri has maintained a particular focus helping individuals and families address their unique financial planning challenges.

She comes to TCO after five years at Mariner Wealth Advisors. Before that, she was a tax analyst for individuals and small businesses at CCK Strategies, as well as a relationship associate in trust administration for Bank of Oklahoma.

Bri graduated from Northeastern State University with a bachelor's degree in business administration with an emphasis in accounting.

