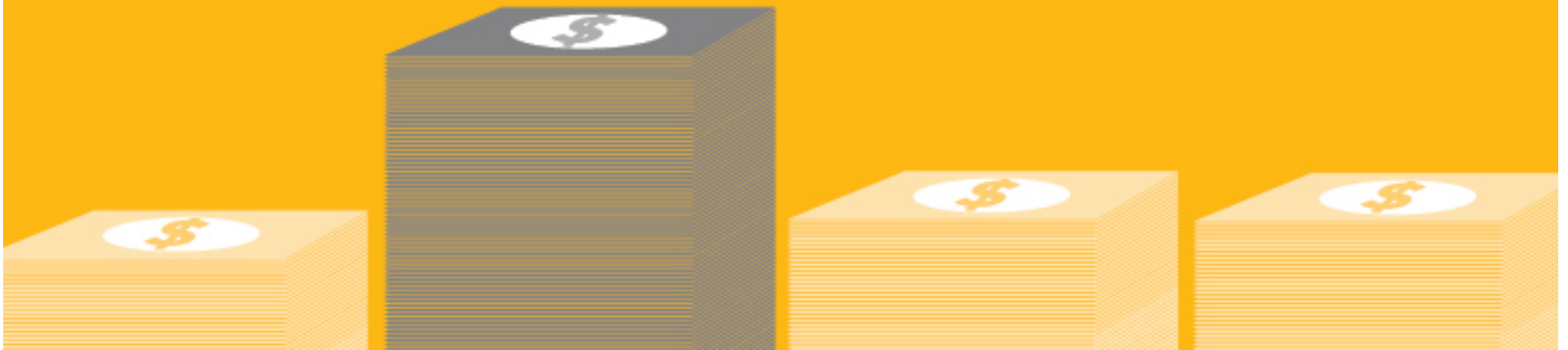




NATIONWIDE RETIREMENT INSTITUTE®

# Social Security

*The choice of a lifetime*



# Important things to keep in mind

- Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
- Not insured by any federal government agency • May lose value

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# Today's agenda

- Social Security—The choice of a lifetime
- Social Security basics
  - Bipartisan Budget Act implications on filing strategies
- Making your Social Security decision

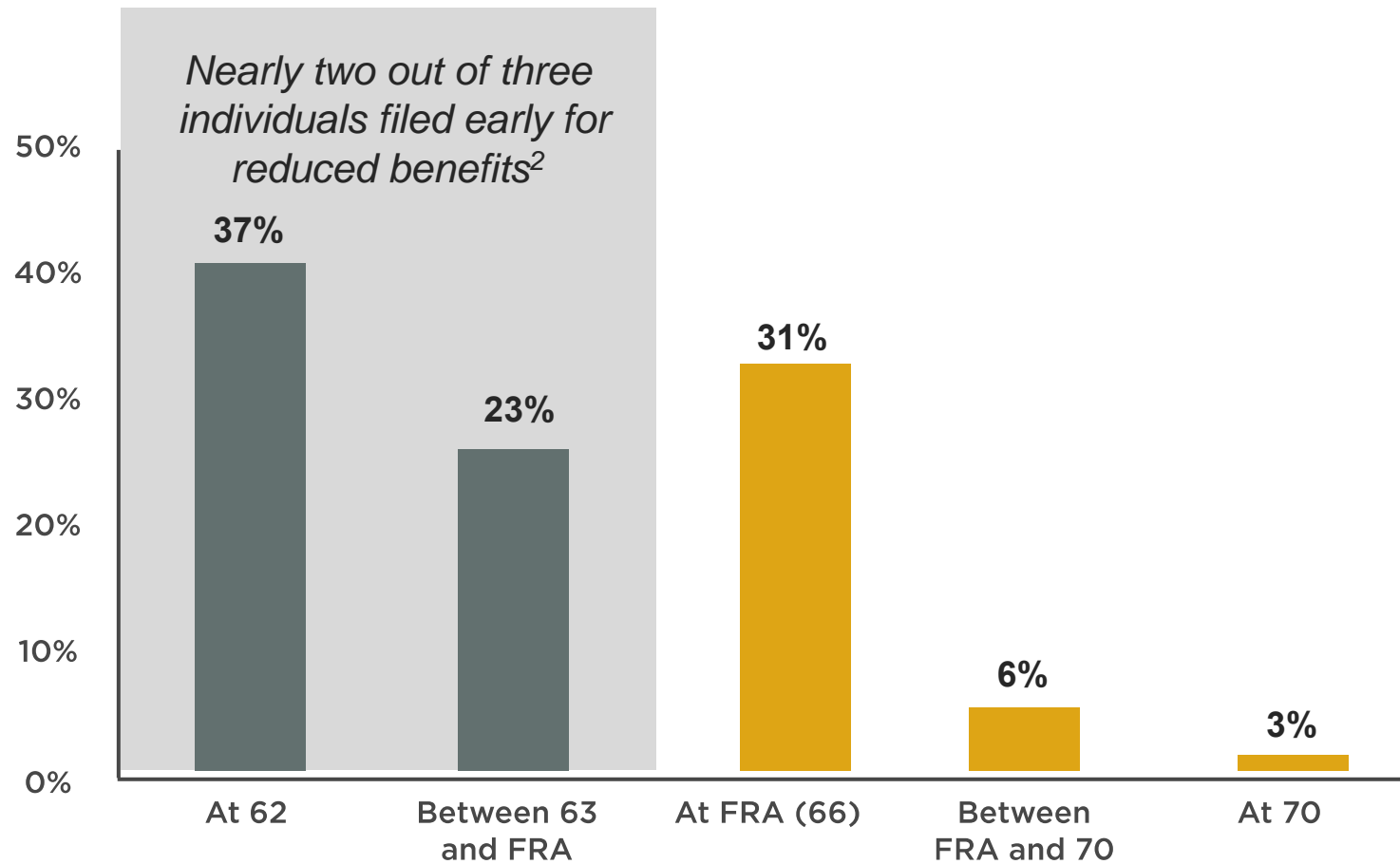
# Social Security

— The choice of a lifetime —

WHY SOCIAL SECURITY IS THE CHOICE OF A LIFETIME

# Most file at the earliest possible time

New Social Security claimants in a calendar year<sup>1</sup>



<sup>1</sup> Source: SS Supplement 2015. Table 6.B5, Social Security Administration, 2014 calendar year. <sup>2</sup> FRA = Full retirement age. For this data, FRA is 66.

# Meet Jim & Linda a 62-year-old married couple

**\$2,400**

**Jim's SS benefit at FRA**

**\$1,300**

**Linda's SS benefit at FRA**

This example is hypothetical and for illustrative purposes only

**\$403,410**

Cumulative benefit  
lost by filing early

Cumulative  
benefit if  
both file at  
62<sup>3</sup>

**\$1,245,750**

Cumulative  
benefit  
if both  
optimize  
SS benefits<sup>3</sup>

**1,649,160**

<sup>3</sup> Figures as shown represent future-value and assume average life expectancy of 86 for men and 89 for women and 2.7% annual cost-of-living adjustments (COLA).

WHY SOCIAL SECURITY IS THE CHOICE OF A LIFETIME

# Will Social Security be there for you?

Based on combined trust fund reserves and current assumptions<sup>4</sup>:

- Full benefits payable to at least 2034
- With no legislative changes, Social Security would pay 79% of benefits afterward

<sup>4</sup> Source: 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.

WHY SOCIAL SECURITY IS THE CHOICE OF A LIFETIME

# Proposals to address Social Security solvency

## Link COLAs to different inflation indexes

- May increase solvency without significant effect on most Americans
- Current retirees will see smaller annual benefit increases

## Increase FRA beyond 67

- Expected to impact workers age 45 and younger to allow time to plan for retiring later



# Proposals to address Social Security solvency

## Increase or eliminate wage cap

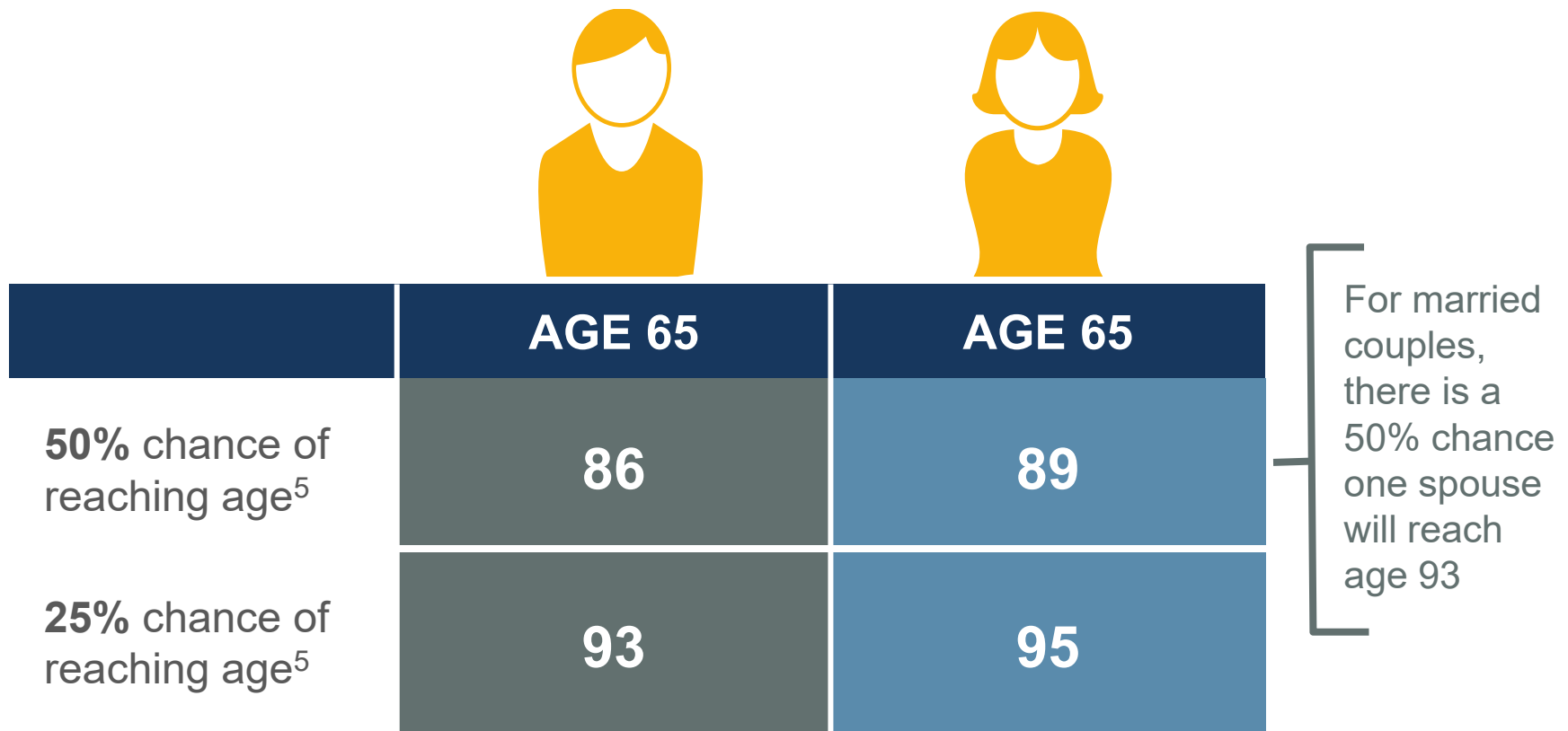
- Raises amount of earned income subject to Social Security taxes
- 2016 cap is set at earned income up to \$118,500

## Increase payroll taxes

- Currently set at 12.4% split evenly between workers and employers

WHY SOCIAL SECURITY IS THE CHOICE OF A LIFETIME

# Will you be there for Social Security?



<sup>5</sup> 2015 LIMRA Retirement Income Reference Book.

# Social Security

— The basics —

# What does Social Security offer?

## Old Age, Survivors and Disability Insurance (OASDI)

Guaranteed  
lifetime income



Survivor benefits

Indexed to  
inflation



Preferential  
tax treatment

## SOCIAL SECURITY BASICS

# Social Security Act of 1935

- Designed to help older Americans living in poverty during the Great Depression
- Never meant to be sole source of retirement income

**Ida May Fuller**  
*First recipient of a  
monthly Social  
Security check (1940)*



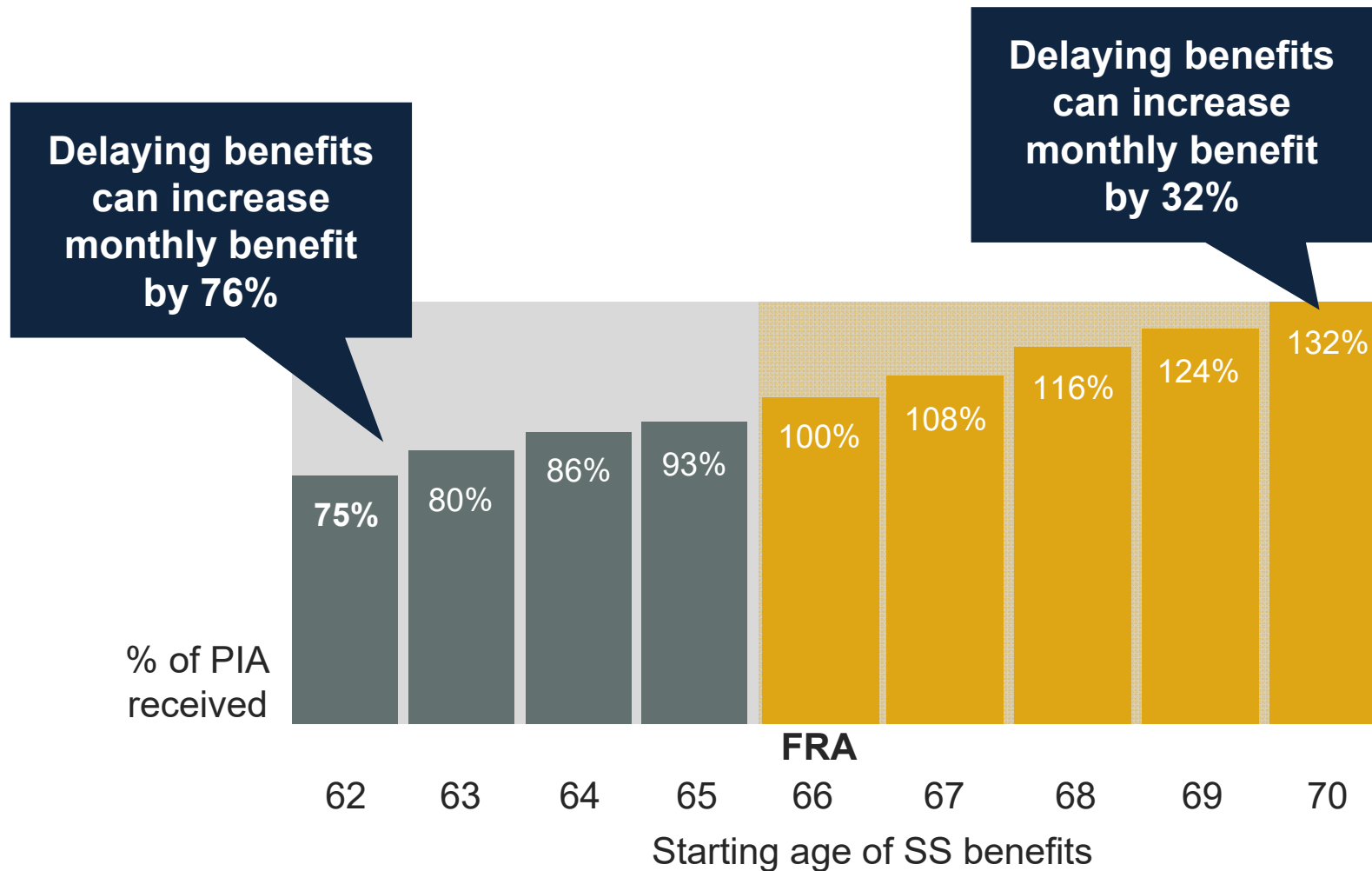
## Primary Insurance Amount (PIA)

- Amount received each month if benefits start at full retirement age (FRA)
- Based on lifetime Social Security earnings adjusted for inflation
  - Average indexed monthly earnings (AIME) over highest 35 years of earnings
  - Benefit reflects a percentage of average monthly earnings
  - Higher earners receive a smaller percentage than low-wage earners
  - Maximum PIA for 2016 is \$2,639
- Social Security statements available on mySocialSecurity  
(Sign up at [ssa.gov/myaccount](https://ssa.gov/myaccount))

# Full Retirement Age (FRA)

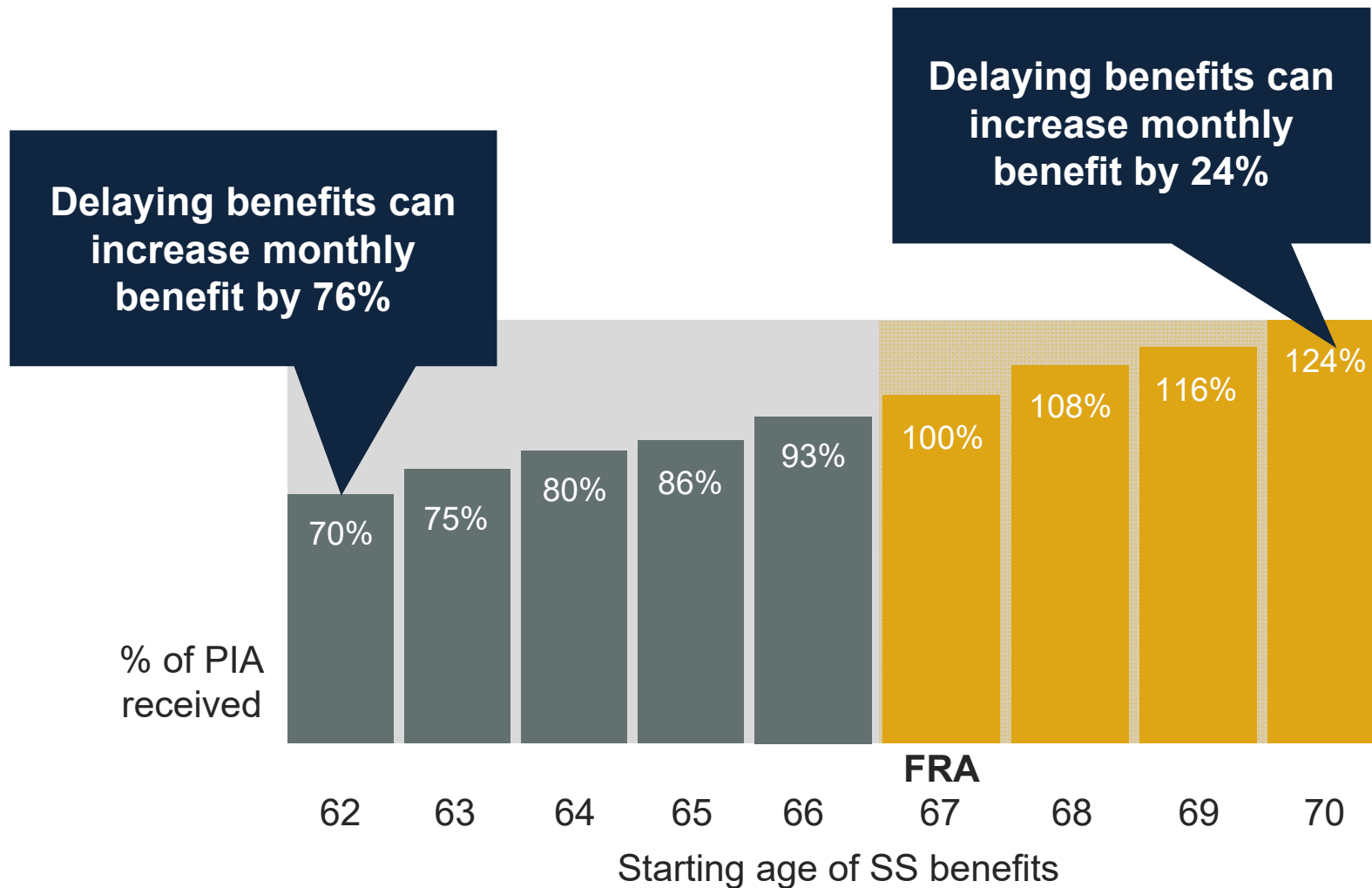
Early				FRA		Delay																		
62	63	64	65	66	67	68	69	70																
				Eligible for 100% of benefits																				
				<table><tr><th>Birth Year</th><th>FRA</th></tr><tr><td>1943 - 1954</td><td>66</td></tr><tr><td>1955</td><td>66 + 2 mos.</td></tr><tr><td>1956</td><td>66+ 4 mos.</td></tr><tr><td>1957</td><td>66 + 6 mos.</td></tr><tr><td>1958</td><td>66 + 8 mos.</td></tr><tr><td>1959</td><td>66 + 10 mos.</td></tr><tr><td>1960 - later</td><td>67</td></tr></table>					Birth Year	FRA	1943 - 1954	66	1955	66 + 2 mos.	1956	66+ 4 mos.	1957	66 + 6 mos.	1958	66 + 8 mos.	1959	66 + 10 mos.	1960 - later	67
Birth Year	FRA																							
1943 - 1954	66																							
1955	66 + 2 mos.																							
1956	66+ 4 mos.																							
1957	66 + 6 mos.																							
1958	66 + 8 mos.																							
1959	66 + 10 mos.																							
1960 - later	67																							

## Early and delayed filing affects monthly benefit





## Early and delayed filing affects monthly benefit



## Changes to filing options

- On November 2<sup>nd</sup>, the Bipartisan Budget Act of 2015 was signed by the President, causing major changes to filing options
- The filing restricted option is being phased out; when an individual files, he or she is only eligible for the higher of his or her own benefits, spousal or divorced benefits
- After April 29<sup>th</sup>, file and suspend will no longer allow spousal or dependent benefits to be paid while the worker earns delayed retirement credits
- Retroactive lump sum request is no longer available

# Rule change from Section 831(a)

## Rule change

- Extends deeming rule to those born on or after January 2<sup>nd</sup> 1954; will no longer be allowed to file restricted for spousal benefits
- Deeming is for any age of eligibility, not just month of initial entitlement

## Impact

- Those born on or after Jan 2<sup>nd</sup> 1954 will have the opportunity to implement timing of Social Security to optimize the income received

## Rule change from Section 831(b)

- Voluntary suspension will now require suspension of the wage earners benefit plus suspension of all benefits payable under the wage earner's record
- Dependents' can no longer claim other benefits while the wage earner's benefits are suspended
- Anyone who voluntarily suspends (after 1 year) can no longer request retroactive benefits back to the beginning of a suspension
- This change is grandfathered and will be effective after April 30<sup>th</sup> 2016

### Impact

- Those born before May 1<sup>st</sup> 1950 and who file for voluntary suspension prior to April 30<sup>th</sup> 2016 will be grandfathered

# Complexity of understanding the rules increases

Individual date of birth	Grandfathered	May 1 <sup>st</sup> 1950	January 1 <sup>st</sup> 1954 or before	January 2 <sup>nd</sup> 1954 or after
Strategies available	Anybody who has already filed will not be impacted by legislative changes	File and suspend available as long as voluntary suspension occurs prior to <b>April 30, 2016</b>	Restricted application available, once individual is eligible	Deemed filing rules apply, and timing strategies available
Strategy examples		<p><b>Jim</b> file and suspends, allows his benefits to grow at 8%</p> <p><b>Linda</b> files restricted, collects spousal benefit and allows her benefit to grow at 8%</p>	<p><b>Jim</b> collects benefit or was born before May 1, 1950 and filed and suspended</p> <p><b>Linda</b> files restricted to collect spousal benefit and allows her benefit to grow to 8%</p>	<p><b>Jim</b> files for his benefits</p> <p><b>Linda</b> files for her benefits and receives spousal access, if spousal benefit is greater than hers</p>

# Filing rules for different situations



Surviving spouses



Spouses



Divorced spouses



Dependent children



Disabled individuals

# Impact on filing situations



Spouses



Divorced  
spouses



Dependent  
children

- These three groups will be impacted by changes to the Social Security rules
- The primary beneficiary must begin benefits before dependents can collect benefits
- If the primary beneficiary voluntarily suspends benefits, then all dependent benefits are also suspended
- Filing options for survivor's benefits do not change

# Spousal filing rules



## Eligibility

- Eligible at 62<sup>6</sup>
- Married for at least one year
- One spouse must file for the other to claim benefits



## Benefits

- **Up to 50%** of spouse's PIA

<sup>6</sup> Filing from 62 and up to FRA will permanently reduce monthly benefits.



# For surviving spouses



## Eligibility

- Married for at least 9 months
- Benefits can be taken as early as age 60<sup>7</sup>
- Currently married or remarried after age 60<sup>8</sup>



## Benefits

- Up to spouse's PIA including delayed retirement credits earned
- Survivor benefits can be received independent of individual benefits

<sup>7</sup> Filing from 60 and up to FRA will permanently reduce monthly benefits.

<sup>8</sup> Marriage lasted 10 years or more.

## For divorced spouses



### Eligibility

- Married for at least 10 years
- Currently unmarried
- Ex-spouse does not have to file beyond two years after divorce



### Benefits

- Spousal, then survivor benefits
- No impact on ex-spouse's benefit
- Not subject to the family maximum

# For dependent children



## Eligibility

- Dependent under age 18
- Disabled dependents if disability occurred before age 22



## Benefits

- 50% of parent's PIA
- 75% of deceased's PIA

# For disabled individuals



## Eligibility

- Qualifying medical condition
- Recent work test (individual)
- Duration of work test (individual)



## Benefits

- Individual benefit
- Spousal benefit
- Survivor benefit
- Dependent children benefit

— Making your —

# Social Security Decision

MAKING YOUR SOCIAL SECURITY DECISION

# Simplifying Social Security decisions

## **Nationwide's Social Security 360 Analyzer<sup>®</sup> tool**

- Identifies optimal filing methods and allows you to adjust parameters to compare different strategies
- Provides instructions on how to file
- Helps you integrate Social Security into your comprehensive retirement income plan

# Social Security Assessment

This report is provided for informational purposes only and should not be construed as investment, tax or legal advice or a solicitation to buy or sell any specific securities product. You should work closely with your financial professional to develop a plan that incorporates your investment objectives, goals, risk tolerance and time horizons based on your specific situation. This report relies upon the accuracy of the data you provide and is an estimate of the Social Security benefit you may receive which will differ from the actual benefit amount you receive at the time of application with the Social Security Administration. The information provided is based on current laws, which are subject to change at any time. This report has not been reviewed or endorsed by any government agency.

MAKING YOUR SOCIAL SECURITY DECISION

# Social Security Assessment



## Make an informed Social Security decision

*Your personalized Social Security report, powered by Social Security  
Timing® — Compare your options and choose for your future*

Prepared for: Jim & Linda Sample

Prepared by: Nationwide Retirement Institute

Friday, January 1, 2016

### Important Information About This Report

This report is being provided for informational purposes only and should not be construed as investment, tax, or legal advice or a solicitation to buy or sell any specific securities product. You should work closely with your financial professional to develop a plan that incorporates your investment objectives, goals, risk tolerance and time horizons based on your specific situation. This report relies upon the accuracy of the data you provide and is an estimate of the social security benefit you may receive which will differ from the actual benefit amount you receive at the time of application with the Social Security Administration. The information provided is based on current laws which are subject to change at any time. This report has not been reviewed or endorsed by any government agency.

The information collected on this Social Security Report will be kept confidential and used to provide an overview of a client's potential Social Security benefit. Please keep in mind that the results of this report are for hypothetical purposes only and are not guaranteed.

For more information on how Nationwide® protects your personal information, visit our online privacy policy at <http://www.nationwide.com/privacy-security.jsp>.

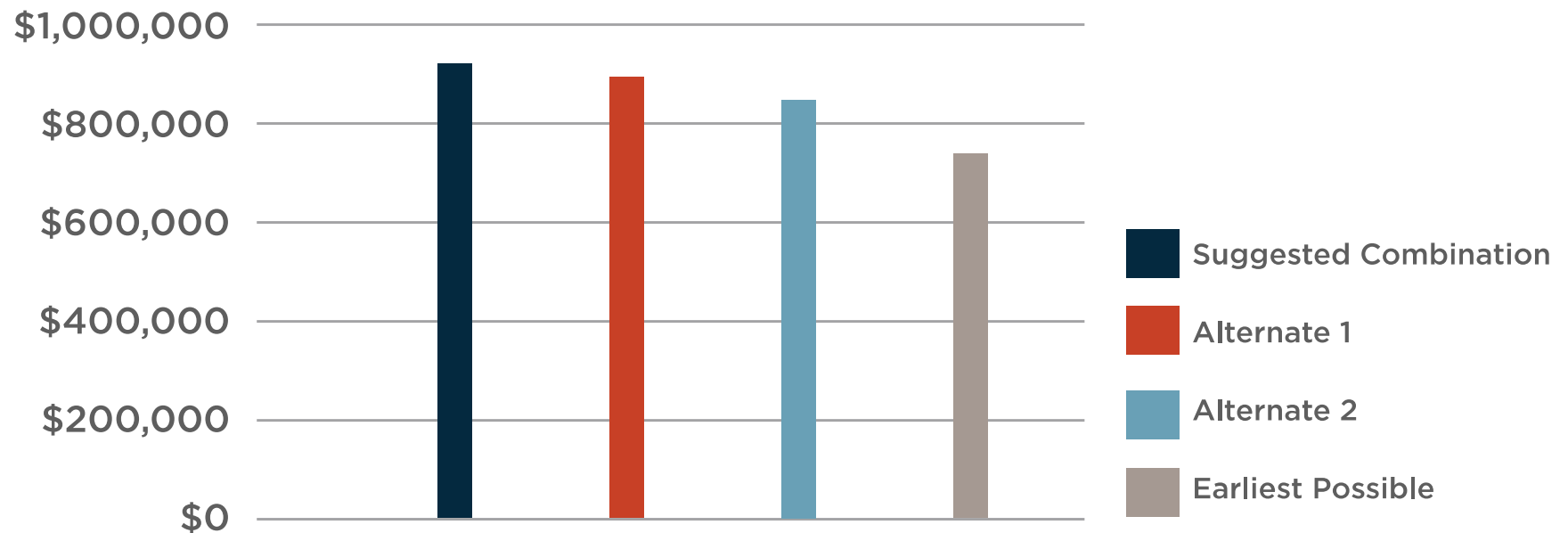
• Not a deposit • Not FDIC or NCUA insured • Not guaranteed by the institution  
• Not insured by any federal government agency • May lose value



# Compare filing strategies

The client's Social Security report shows cumulative benefits of an optimization strategy vs. early filing and alternative filing strategies

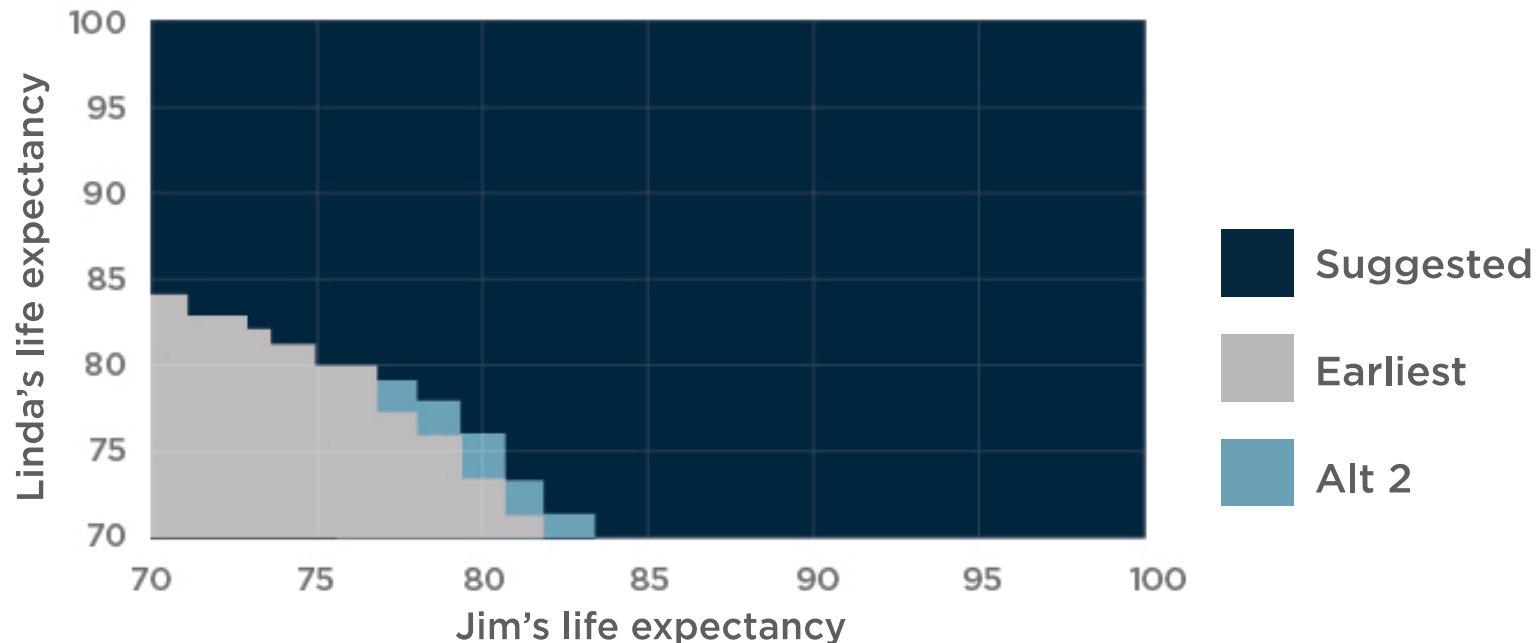
## Lifetime Benefits



# Analyze break-even points

Illustrates which of the outlined strategies provides the best outcome at any given set of mortality assumptions for SS claimants

## Break-even Chart



MAKING YOUR SOCIAL SECURITY DECISION

# Your suggested Social Security Strategy

The expected lifetime family benefit using this strategy is: **\$1,023,880**

*Note that this illustration is for educational purposes only.*

## Jim

- **File a standard application for benefits at your age 70 years.**  
Your approximate monthly benefit would be: **\$3,820.**

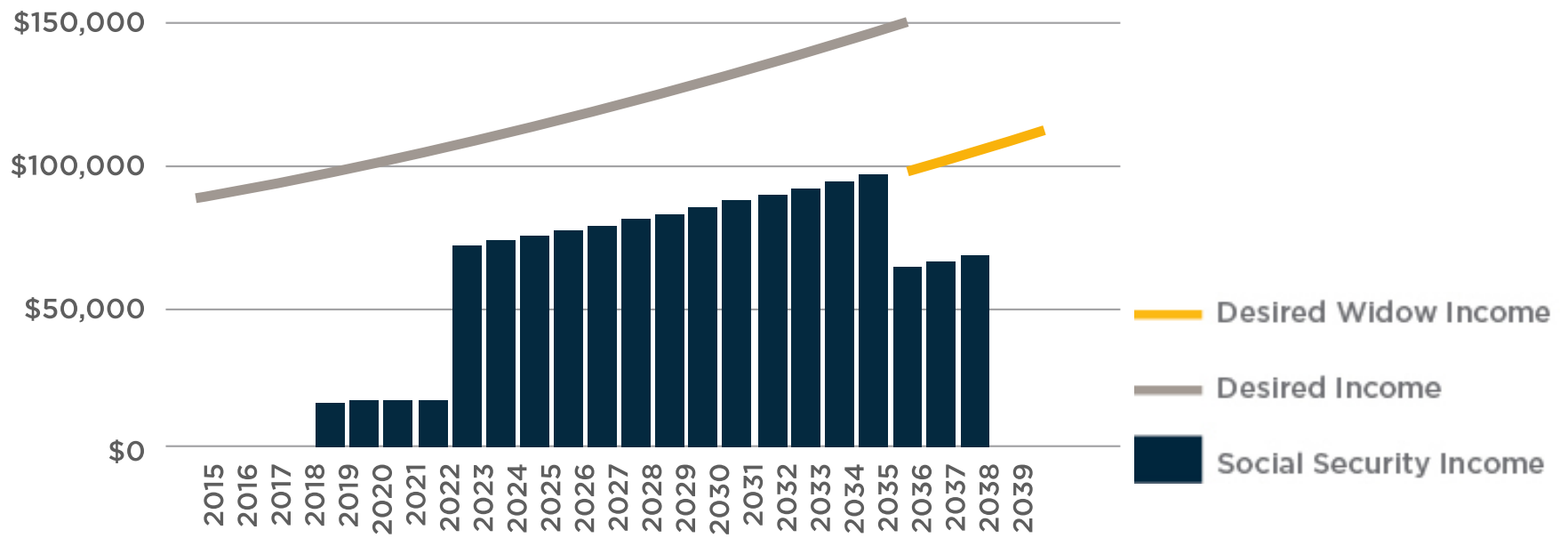
## Linda

- **File a standard application for benefits at your age 70 years.**  
Your approximate monthly benefit would be **\$2,123.**

# Identify income gaps

The report illustrates annual Social Security cash flow for the suggested filing strategy vs. projected retirement income needs.

## Estimated vs. Desired Income



## MAKING YOUR SOCIAL SECURITY DECISION

# Cashflow analysis helps identify income gaps

Jim and Linda begin claiming at age 70

### Estimated Cashflows for your Suggested Social Security Strategy

Jim				Linda			
Combined Benefit Breakdown Net Present Value				Combined Benefit Breakdown Net Present Value			
Retirement	Spousal	Widow		Retirement	Spousal	Widow	
\$592,030	\$0	\$0		\$320,629	\$0	\$111,001	

### Expected Cashflow Future Values

						Jim				Linda				Summary					
2024	70	\$47,040	\$0	\$0	70	\$25,476	\$0	\$0		\$72,516	\$0	\$114,386	(\$41,870)						
2025	71	\$48,300	\$0	\$0	71	\$26,160	\$0	\$0		\$74,460	\$0	\$117,475	(\$43,015)						
2026	72	\$49,608	\$0	\$0	72	\$26,868	\$0	\$0		\$76,476	\$0	\$120,647	(\$44,171)						
2027	73	\$50,940	\$0	\$0	73	\$27,588	\$0	\$0		\$78,528	\$0	\$123,904	(\$45,376)						
						2024	70	\$47,040	\$0	\$0	70	\$25,476	\$0	\$0	\$72,516	\$0	\$114,386	(\$41,870)	
						2025	71	\$48,300	\$0	\$0	71	\$26,160	\$0	\$0	\$74,460	\$0	\$117,475	(\$43,015)	
						2026	72	\$49,608	\$0	\$0	72	\$26,868	\$0	\$0	\$76,476	\$0	\$120,647	(\$44,171)	
2038	84	\$68,280	\$0	\$0	84	\$36,972	\$0	\$0		\$105,252	\$0	\$166,097	(\$60,845)						
2039	85	\$70,128	\$0	\$0	85	\$37,980	\$0	\$0		\$108,108	\$0	\$170,581	(\$62,473)						
2040	86	\$0	\$0	\$0	86	\$0	\$0	\$72,024		\$72,024	\$0	\$116,791	(\$44,767)						
2041	87	\$0	\$0	\$0	87	\$0	\$0	\$73,968		\$73,968	\$0	\$119,945	(\$45,977)						
						2036	82	\$64,740	\$0	\$0	82	\$35,064	\$0	\$0	\$99,804	\$0	\$157,478	(\$57,674)	
						2037	83	\$66,492	\$0	\$0	83	\$36,012	\$0	\$0	\$102,504	\$0	\$161,730	(\$59,226)	
						2038	84	\$68,280	\$0	\$0	84	\$36,972	\$0	\$0	\$105,252	\$0	\$166,097	(\$60,845)	
						2039	85	\$70,128	\$0	\$0	85	\$37,980	\$0	\$0	\$108,108	\$0	\$170,581	(\$62,473)	
						2040	86	\$0	\$0	\$0	86	\$0	\$0	\$72,024	\$72,024	\$0	\$116,791	(\$44,767)	
						2041	87	\$0	\$0	\$0	87	\$0	\$0	\$73,968	\$73,968	\$0	\$119,945	(\$45,977)	
						2042	88	\$0	\$0	\$0	88	\$0	\$0	\$75,960	\$75,960	\$0	\$123,183	(\$47,223)	
						2043	89	\$0	\$0	\$0	89	\$0	\$0	\$0	\$0	\$0	\$126,509	(\$126,509)	
						2044	90	\$0	\$0	\$0	90	\$0	\$0	\$0	\$0	\$0	\$129,925	(\$129,925)	
								\$925,812	\$0	\$0			\$501,396	\$0	\$221,952	\$1,649,160	\$0	\$3,771,440	(\$2,122,280)

er Jim passes away,  
Linda begins her  
survivor benefit.

After Jim passes away, Linda begins her survivor benefit.


## MAKING YOUR SOCIAL SECURITY DECISION

# Social Security client questionnaire

Helps gather information for the filing strategy comparison

- Marital status
- Expected benefit amount
- Life expectancy
- Planned retirement date
- Desired retirement income
- Retirement goals, concerns, etc.

**Social Security 360 Analyzer™**  
client questionnaire

 **Nationwide**

Date: \_\_\_\_\_

**INVESTMENT PROFESSIONAL'S INFORMATION**

Contact the Retirement Institute Income Planning Team with any questions  
Phone: 1-877-245-0763 or IPLNDESK@nationwide.com

Use this questionnaire with the Social Security 360 Analyzer™  
Access the tool at [nationwidefinancial.com/socialsecurity](http://nationwidefinancial.com/socialsecurity) OR Send this questionnaire for the Income Planning Team  
to run a report. Fax the questionnaire to 1-855-256-4220.

First name: \_\_\_\_\_ MI: \_\_\_\_\_ Last name: \_\_\_\_\_

Broker/Dealer: \_\_\_\_\_


Email: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Is this a self-assessment? ☐ Yes ☐ No

Wholesaler name (if applicable): \_\_\_\_\_

Is this for a client or prospect? ☐ Client ☐ Prospect

To help you and your advisor gather the information you need to make a suitable Social Security filing decision, answer the questions below and bring this form to a Social Security planning meeting with your advisor.

 **BEFORE YOU BEGIN:** Get a current Social Security benefit estimate for yourself and your spouse by downloading your current statements when you register or log in to your "my Social Security" account online ([www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount)).

**Your marital status:** ☐ Married ☐ Widowed ☐ Divorced ☐ Single  
(If you select married, widowed or divorced, be sure to answer the related questions on Page 2 in addition to the questions below.)

**About You**

First name: \_\_\_\_\_ Last name: \_\_\_\_\_

Gender: ☐ Male ☐ Female Date of birth (mm/dd/yy): \_\_\_\_/\_\_\_\_/\_\_\_\_

What life expectancy are you planning for? \_\_\_\_ years \_\_\_\_ months ☐ Use average life expectancy

Have you already started Social Security benefits? ☐ Yes ☐ No If yes, at what age? \_\_\_\_ Filing date: \_\_\_\_/\_\_\_\_/\_\_\_\_

What is your gross monthly Social Security benefit amount? \$\_\_\_\_

Do you have a pension from employment in which you did NOT pay Social Security taxes (typically government or non-profit employment)? ☐ Yes ☐ No

If yes, Page 3 of your SS benefit statement "Your earnings statement" is required with this client questionnaire to generate a report.

What is the name of the pension/employer? \_\_\_\_\_ What is the monthly pension amount? \$\_\_\_\_

When does this pension start? \_\_\_\_ What is the projected cost-of-living adjustment for this pension? \$\_\_\_\_%

**Your earnings — For this section, please refer to your current Social Security benefit statement.**

Statement date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Your estimated monthly benefits at full retirement age: \$\_\_\_\_ Current benefit if already elected? \$\_\_\_\_

At what age do you plan to stop working? \_\_\_\_

If you're planning to work after 62, what is your anticipated annual employment income? \$\_\_\_\_

After this section is complete, please continue on to the next page.

## MAKING YOUR SOCIAL SECURITY DECISION

# Social Security client questionnaire

### About You

### About your spouse

#### If you're widowed

To determine survivor benefits, if eligible, you will need proof of marriage and death to retrieve benefits for a deceased spouse when you visit your local SSA office.

#### If you're divorced

You may be eligible for benefits based on an ex-spouse's record, if you were married to that spouse for at least 10 years. You will need proof of marriage and divorce to retrieve information and benefits for an ex-spouse when you visit your local SSA office.

### Your Retirement income assumption



#### What's next?

Bring your completed questionnaire along with your Social Security earnings statement to your next meeting with your financial advisor. You may also be eligible for additional benefits under special circumstances. Talk with your advisor about your individual family situation to see if these situations pertain to you.

At what age does your ex-spouse plan to claim benefits? \_\_\_\_\_ years \_\_\_\_\_ months

What monthly benefit amount would you receive if you elect spousal benefits at your full retirement age (or soonest available if you are more than 6 years older than your ex-spouse)? \$ \_\_\_\_\_

Your estimated monthly benefits at full retirement age: \$ \_\_\_\_\_ Current benefit if already elected? \$ \_\_\_\_\_

At what age do you plan to stop working? \_\_\_\_\_

If you're planning to work after 62, what is your anticipated annual employment income? \$ \_\_\_\_\_

If you're planning to work after 62, what is your anticipated annual employment income? \$ \_\_\_\_\_

# The choice of a lifetime

- When and how you file for Social Security is an important decision
- Learn how to claim benefits for other family members and how to put the filing rules to work
- Consider your filing decision in the big picture of your overall retirement income plan



## Three steps in Social Security planning

- Get a good understanding of the basics of Social Security
- Make an appointment to discuss your Social Security options
- Complete a Social Security questionnaire in advance of the meeting

# How working impacts Social Security

## If under FRA for the full year

- \$1 withheld for every \$2 above annual limit

(\$15,720 or \$1,310/month)

## In the year of FRA (Up to FRA month)

- \$1 withheld for every \$3 above annual limit

(\$41,880 or \$3,490/month)

## At FRA and beyond

- No limit on earnings
- Withheld earnings are returned

## For same-sex couples

- On June 26, 2015, the Supreme Court issued a decision in Obergefell v. Hodges, holding that same-sex couples have a constitutional right to marry in all states
- Claim processing details are forthcoming; same-sex couples should apply for benefits while details are being finalized
- More information at [socialsecurity.gov/people/same-sex-couples](https://socialsecurity.gov/people/same-sex-couples)

# For government employees

## Windfall elimination provision (WEP)

- Reduces individual benefit to prevent higher benefits on top of pension income
- Changes formula used to calculate PIA and reductions
  - As little as 40% of first \$856 instead of 90%<sup>9</sup>
  - Reduction cannot be more than ½ of pension amount
  - Maximum PIA reduction for WEP for 2016 is \$428

<sup>9</sup> Source: Social Security Administration. Based on 2015 formula.

# Effect on spousal or survivor's benefit

## Government Pension Offset (GPO)

- Reduces a government employee's Social Security spousal or survivor's benefits
- Benefits are reduced by  $\frac{2}{3}$  of their government pension
- If government pension is large enough, spousal or survivor's benefit may be eliminated

# How GPO reduces benefits

## Spouse 1

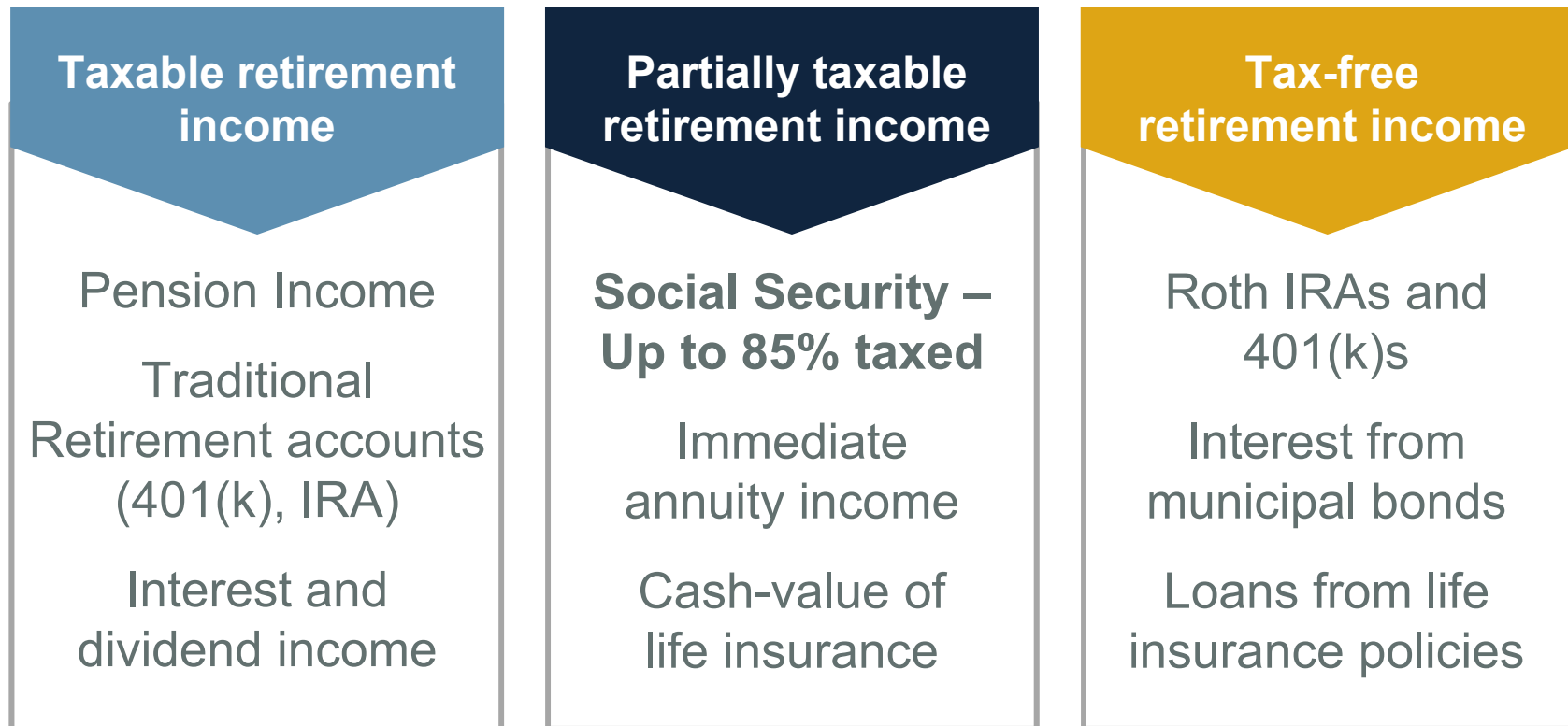
- Worked in government throughout career
- Receiving \$2,100 monthly pension
- GPO = \$1,400 (2/3 of \$2,100)

## Spouse 2

- Worked in private sector
- Paid FICA taxes
- PIA: \$2,000/month

	Spouse 1 benefit before GPO (if GPO didn't apply)	Spouse 1 benefit after GPO (reduction of \$1,400)
Spousal benefit	\$1,000 per month	\$0
Survivor benefit	\$2,000 per month	\$600

# Taxation



Please note that Nationwide does not provide legal, tax or accounting advice. You should consult with your accounting or tax professional for guidance regarding your specific financial situation.

# Taxation

	Reduced benefits	Maximum benefits	
Target pre-tax income	\$90,000	\$90,000	
<b>Social Security benefits</b>	<b>\$30,690</b>	<b>\$54,014</b>	Delayed filing increases Social Security by <b>76%</b>
Traditional retirement income	\$59,310	\$35,986	
Provisional income	\$74,655	\$62,993	Taxable income decreases by <b>47%</b>
<b>Total taxable income</b> AGI + income after Social Security income test	<b>\$85,397</b>	<b>\$58,130</b>	



# Welcome To Medicare



# What Is SHIIP?

Objective Information Source

- Part of the State of Iowa Insurance Division
- Answers questions and provides assistance
- Doesn't recommend or endorse specific companies, products or agents

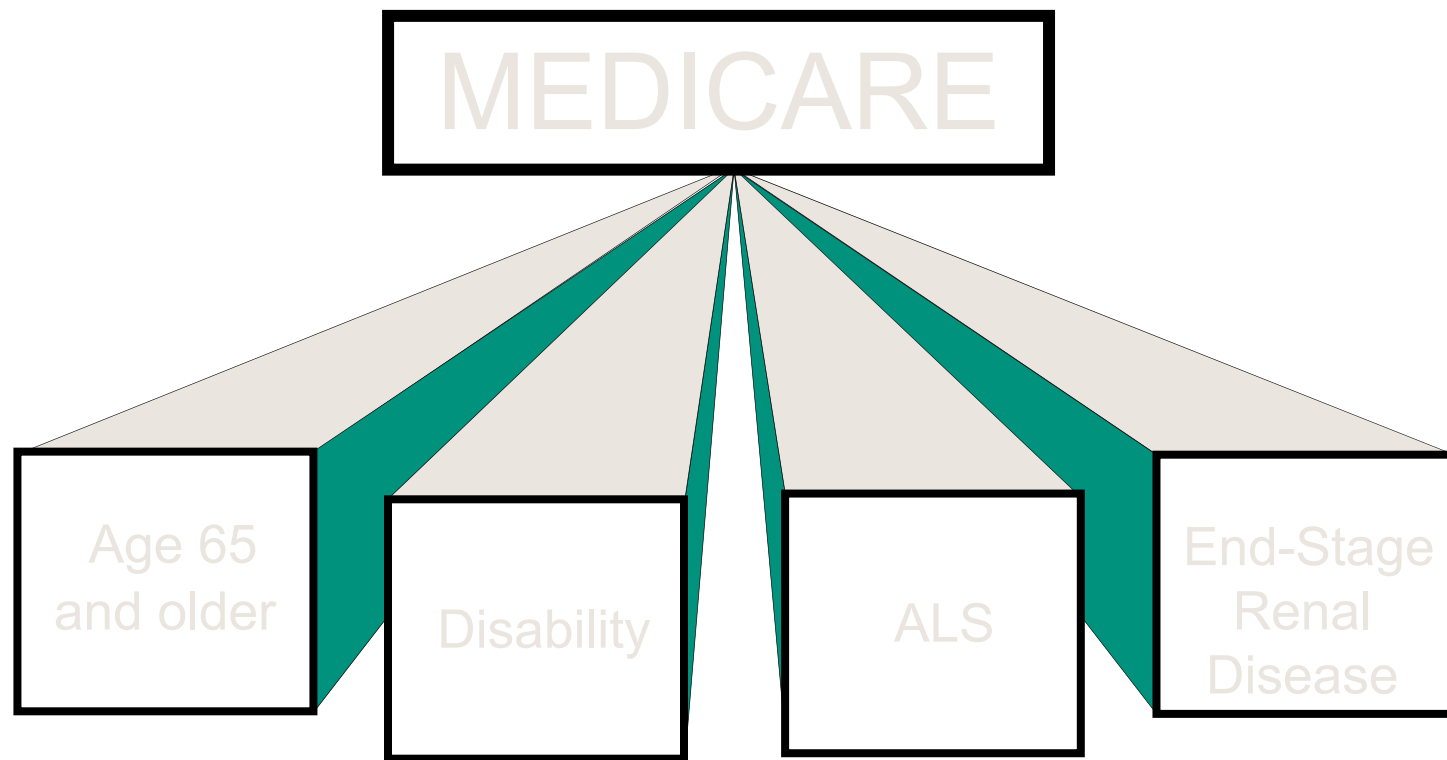
# Today We Will Cover

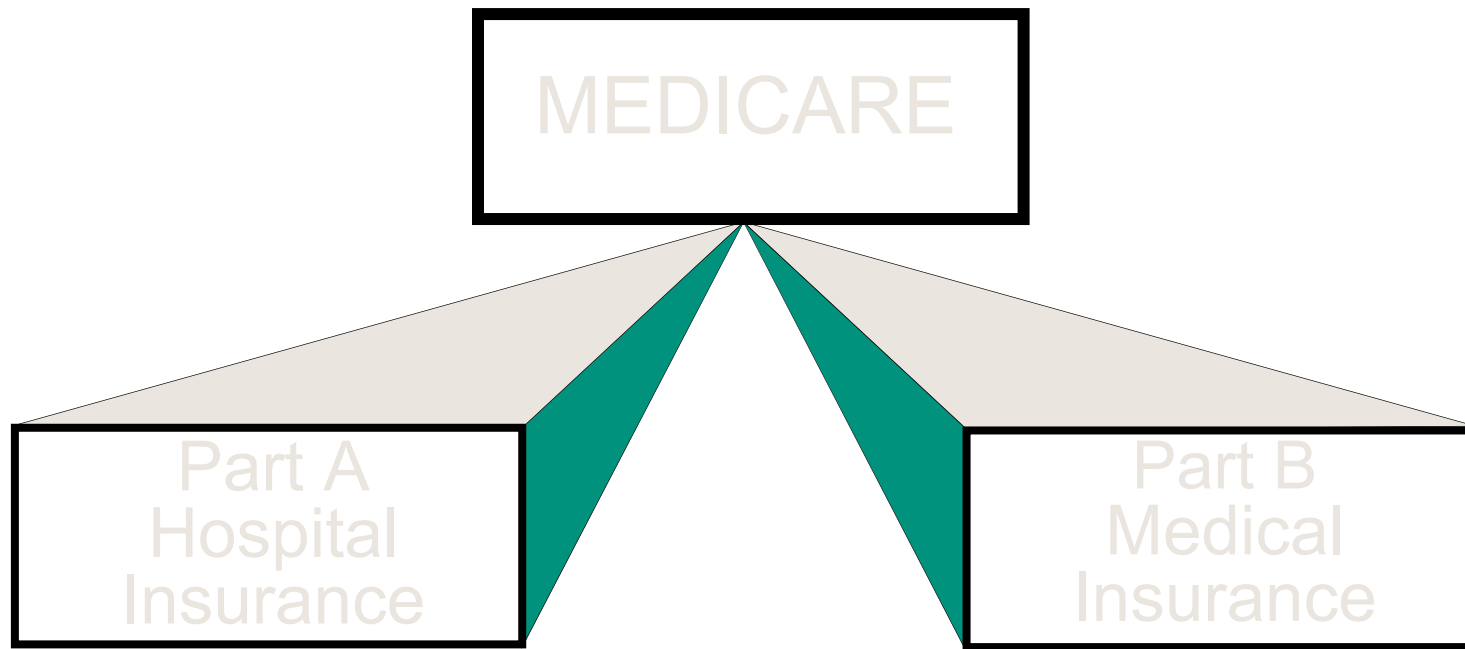
Medicare eligibility, enrollment & costs

Your Medicare choices:

- Original Medicare Parts A & B
- Supplementing Medicare
- Prescription Drug Plans – Part D
  - Or
- Medicare Advantage Plans – Part C

Must be a U.S. citizen or permanent resident for 5 years





# Should I enroll in Medicare?



# Are You Retired?

- Medicare is your primary coverage.
- Need to enroll in Medicare Part A and Part B.
- Retirement health coverage from employer will pay after Medicare.



# How To Enroll In Medicare When Retired

Enrollment is automatic if you are drawing  
Social Security or Railroad Retirement  
benefits

Otherwise

- Call or visit SS or RR
- Enroll online at [www.socialsecurity.gov](http://www.socialsecurity.gov)

<b>MEDICARE</b>		<b>HEALTH INSURANCE</b>	
<b>SOCIAL SECURITY ACT</b>			
NAME OF BENEFICIARY <b>JOHN D. DOE</b>			
MEDICARE CLAIM NUMBER SEX <b>123-45-6789A MALE</b>			
IS ENTITLED TO EFFECTIVE DATE <b>HOSPITAL INSURANCE (PART A) 1/1/95</b> <b>MEDICAL INSURANCE (PART B) 3/1/99</b>			
SIGN HERE		<i>John D. Doe</i>	



# When To Enroll In Medicare Parts A & B

## Initial Enrollment Period



# Cost Of Enrolling In Medicare Part A

Part A is free for people who have 40 quarters of work credit under Social Security or Railroad Retirement.

# Cost Of Enrolling In Medicare Part B

People new to Medicare in 2016 pay \$121.80 per month for Part B.

People with higher incomes pay more if their income is above:

- \$85,000 individual
- \$170,000 couple filing joint return

# How Do I Pay The Part B Premium?

If you are drawing benefits, the premium is taken out of your monthly payment:

Social Security

Railroad Retirement

Federal Government retirement

If you are not drawing benefits, you will be billed every 3 months

# Are You Medicare-eligible & You Or Your Spouse Work?

## Employer has 20 or more\* employees

- Can continue on employer plan
- Employer can't offer alternatives
- Employer coverage is primary
- Keep evidence of having insurance

\*For those on Medicare due to disability,  
the number of employees is 100 or more.

# Are You Medicare-eligible & You Or Your Spouse Work?

## Employer has fewer than 20 employees

- Employer can offer anything or nothing
- Medicare is primary insurance

Should I Delay Enrolling In Part A While Working?

Do you have a Health Savings Account?

- If so, do not enroll in Medicare while working
- Enrolling in Medicare means no longer eligible to make contributions to your HSA

- If you are actively working and covered by your employer's group health insurance, consider this:
- Part B coverage usually is secondary to employer coverage
- Part B costs a monthly premium
- Enrolling in Part B triggers a 6 month one-time guarantee to purchase a Medicare Supplement.



If You Delay Enrolling In Medicare

Always verify a decision to delay enrollment with Social Security

# When You Retire

Enroll in Part A if not enrolled previously

Enroll in Part B

- You have up to 8 months after worker retires to enroll in Part B

# What If You Don't Enroll In Part B

During Your IEP Or When You Retire?

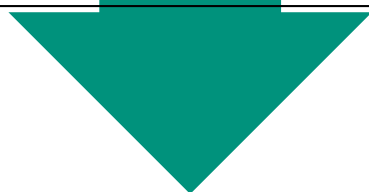
## General Enrollment Period

- January 1 through March 31 each year
- Coverage effective July 1
- Premium increases 10% for each 12-month period you were eligible but did not enroll
- Pay this penalty as long as you have Part B

# Your Medicare Coverage Choices

## Original Medicare

Part A Hospital Insurance Part B Medical Insurance
Supplemental Coverage
Prescription Drug Coverage – Part D



## Medicare Advantage Part C

Combines Part A & Part B
May include Prescription Drug Coverage – Part D



# Hospital Insurance



```
graph BT; A[Hospital Insurance] --- B1[Inpatient Hospital]; A --- B2[Skilled Nursing Facility]; A --- B3[Home Health Care]; A --- B4[Hospice];
```

Inpatient  
Hospital

Skilled  
Nursing  
Facility

Home  
Health  
Care

Hospice

# Medical Insurance



Doctor  
Services

Outpatient  
Hospital &  
Emergency  
Room

Home  
Health  
Care

Durable  
Medical  
Equipment

Other  
Services &  
Supplies

# Supplemental Insurance Choices

## Original Medicare

Part A Hospital Insurance  
Part B Medical Insurance

**Supplemental coverage**

Prescription Drug  
Coverage – Part D



## Medicare Advantage Part C

Combines Part A & Part B

May include Prescription  
Drug Coverage – Part D



# Options For Filling Medicare's Gaps

- Medicare Supplement insurance
- Retiree health plan from employer
- Medicare Savings Program – QMB
- Medicaid
- TRICARE/TRICARE for Life
- Indian Health Services/tribal medical benefits



# Medicare Supplement Insurance

- Health insurance policies sold by private insurance companies
- Also called “Medigap”
- Cover “gaps” in Original Medicare Plan
- 10 standardized policies
  - Plans A, B, C, D, F, G, K, L, M, N
- Guaranteed renewable
- Pays any Medicare provider if charges approved by Medicare

# Standard Plans -- 10 Benefit Packages

Ten Standard Medicare Supplement Plans										
Basic Benefits	Plan A	Plan B	Plan C	Plan D	Plan F*	Plan G	Plan K	Plan L	Plan M	Plan N
<b>Part A Hospital</b>										
Day 61-90 Coinsurance	X	X	X	X	X	X	X	X	X	X
Day 91-150 Coinsurance	X	X	X	X	X	X	X	X	X	X
365 more days – 100%	X	X	X	X	X	X	X	X	X	X
Part A Hospice coinsurance	X	X	X	X	X	X	50%	75%	X	X
Part B Coinsurance or Copay	X	X	X	X	X	X	50%**	75%**	X	X****
Parts A & B Blood	X	X	X	X	X	X	50%	75%	X	X
<b>Additional Benefits</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>F</b>	<b>G</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>
<b>Skilled Nursing Facility</b>										
Coinsurance Day 21-100			X	X	X	X	50%	75%	X	X
Part A Deductible		X	X	X	X	X	50%	75%	50%	X
Part B Deductible			X		X					
Part B Excess					X	X				
Foreign Travel Emergency			X	X	X	X			X	X
Out-of-pocket annual limit							\$4,960 ***	\$2,480 ***		

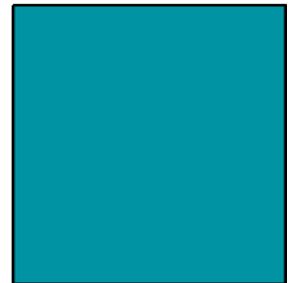
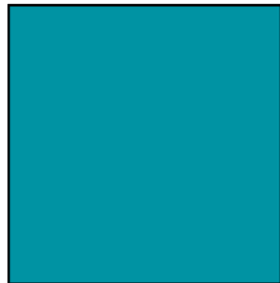
# Guaranteed Access - Open Enrollment

- Available at age 65 or older
- Triggered when Medicare Part B starts
- Lasts six months from Part B effective date
- Can't be turned down
- Pay “preferred” premium

**MONTH YOU QUALIFY**



**FIVE MONTHS AFTER**



**Open Enrollment Period**

# State of Iowa Health Plans

Serve as a supplement to Medicare  
Plans offered include Medicare supplement  
Plans F and N

# Prescription Drug Coverage Choices

## Original Medicare

Part A Hospital Insurance  
Part B Medical Insurance

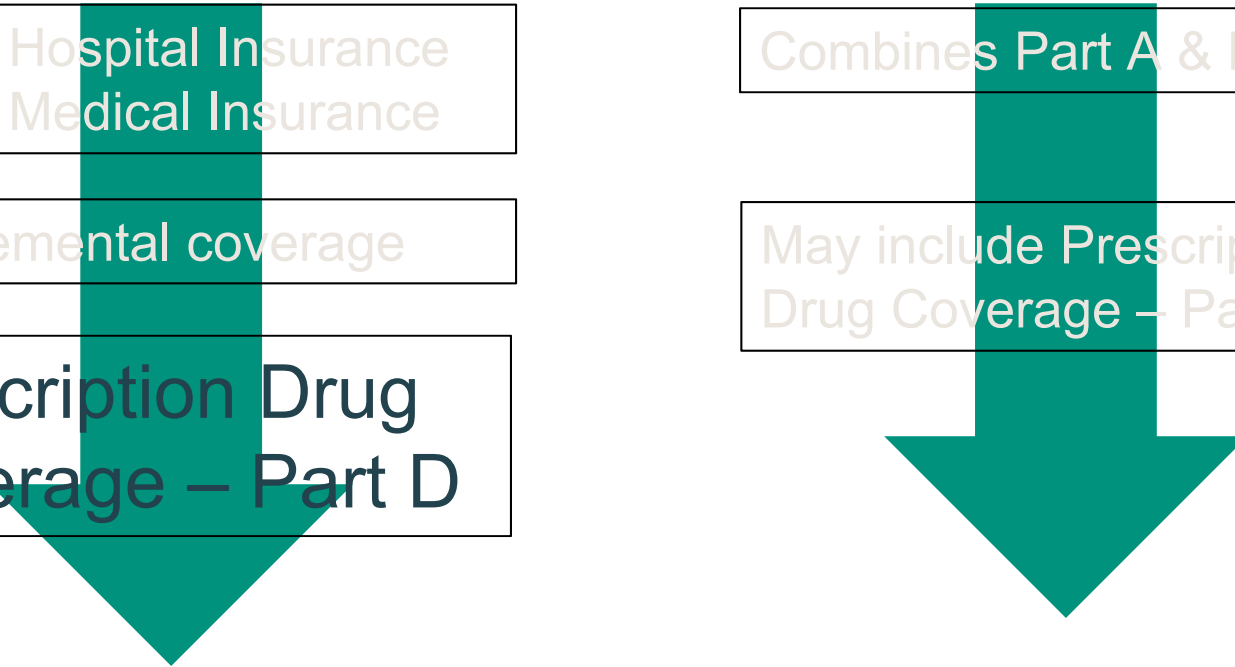
Supplemental coverage

**Prescription Drug  
Coverage – Part D**

## Medicare Advantage Part C

Combines Part A & Part B

May include Prescription  
Drug Coverage – Part D



# Medicare Part D

Available for all people with Medicare

- Enrolled in Part A and/or Part B
- Includes those on Medicare due to disability, ALS or ESRD



# When Can You Enroll In A Prescription Drug Plan?



# Special Considerations For Worker Or Spouse

If actively working, you may be able to delay enrollment into Part D until you retire

- Check if employer coverage is “creditable”- as good as, or better than, Medicare drug coverage
- Special enrollment period – 2 months after employer coverage ends

After you retire

If you continue your employer retiree coverage you can delay Part D without penalty if the employer coverage is creditable



# Creditable Coverage Notice

Individuals receiving their prescription drug coverage from an employer or retiree plan will receive a notice by October 15 each year telling them if their coverage is “as good as or better than Medicare coverage”.

Keep this notice.

# Your Medicare Coverage Choices

## Original Medicare

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Coverage – Part D



## Medicare Advantage Part C

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Part B

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Prescription Drug  
Coverage – Part D



# Medicare Advantage - A Private Solution

- Medicare contracts with a private company on an annual basis.
- Contracts require that plans provide Medicare Part A & B services.
- The plan handles claims.
- You receive services and make payments based on the private plan's rules.
- The plan may offer extra coverages – dental, vision, health club membership
- The plan uses a network of providers

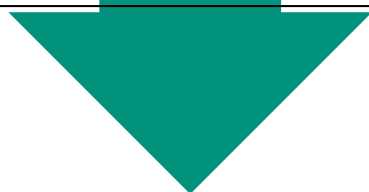
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Coverage – Part D



## Medicare Advantage Part C

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# Contacting SHIIP

Statewide: 1-800-351-4664  
(TTY 1-800-735-2942)

Website: [www.therightcalliowa.gov](http://www.therightcalliowa.gov)

E-mail: [shiip@iid.iowa.gov](mailto:shiip@iid.iowa.gov)

Local: Check Website or  
call toll-free

Like us on facebook



# Volunteering for SHIP

- A challenging and rewarding opportunity to help lowans on Medicare
- Be a counselor, computer volunteer, member of our speakers bureau/help promote SHIP
- For more information call SHIP at 1-800-351-4664