



Wayne
County

Employees' Retirement System
Robert J. Grden, Executive Director

Retirement Readiness

Presented by the Wayne County Employees'
Retirement System, Wayne County, UBS and
Cornerstone Municipal Advisory Group

April 26, 2016

Agenda

- Welcome
- Nearing Retirement – Craig Brass of UBS
- Medicare – Don Apel of Cornerstone Municipal Advisory Group
- Retirement Application Process- Kelly Tapper
- Q & A
- www.wcers.org

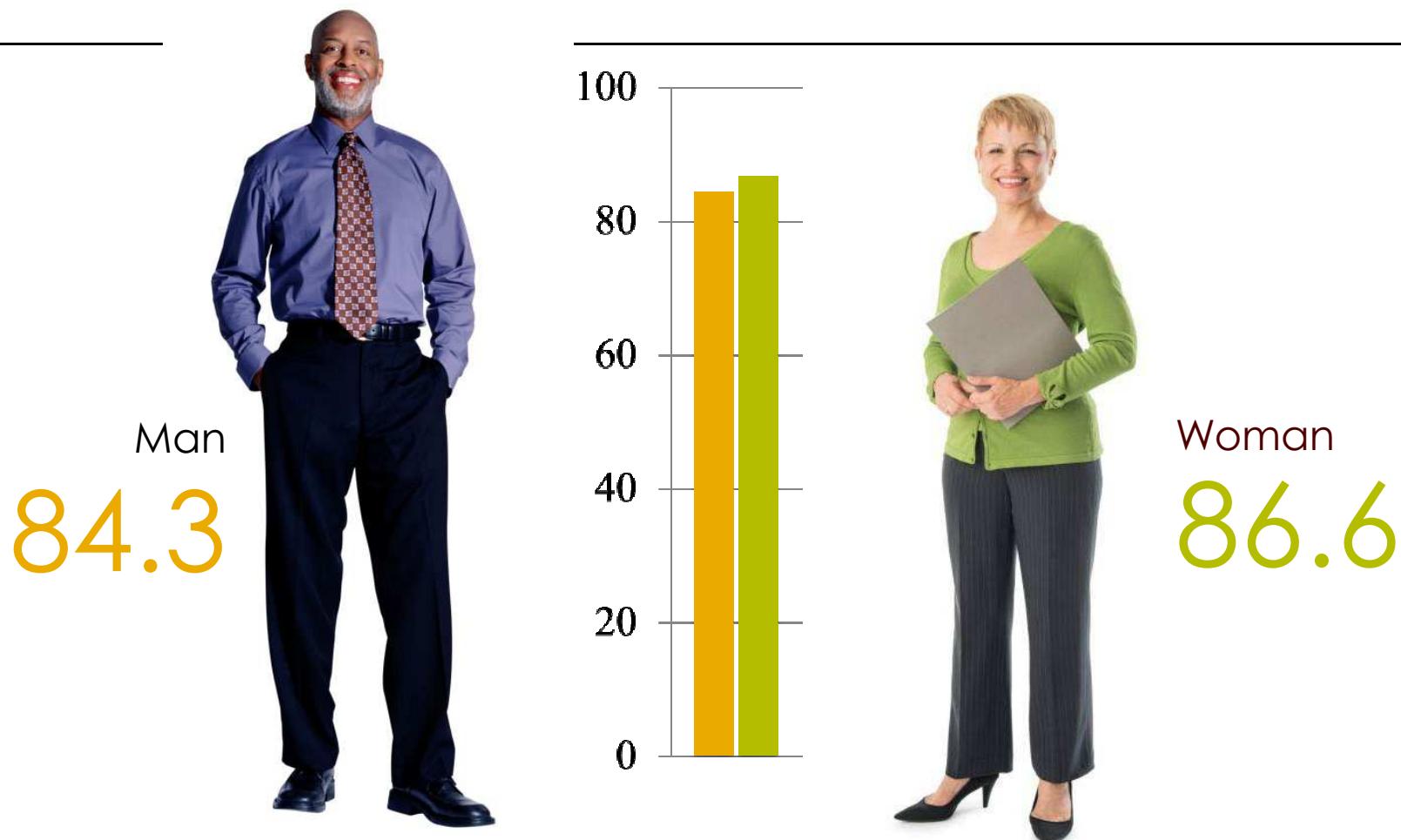


Wayne County Pre-retirement meeting

Nearing Retirement



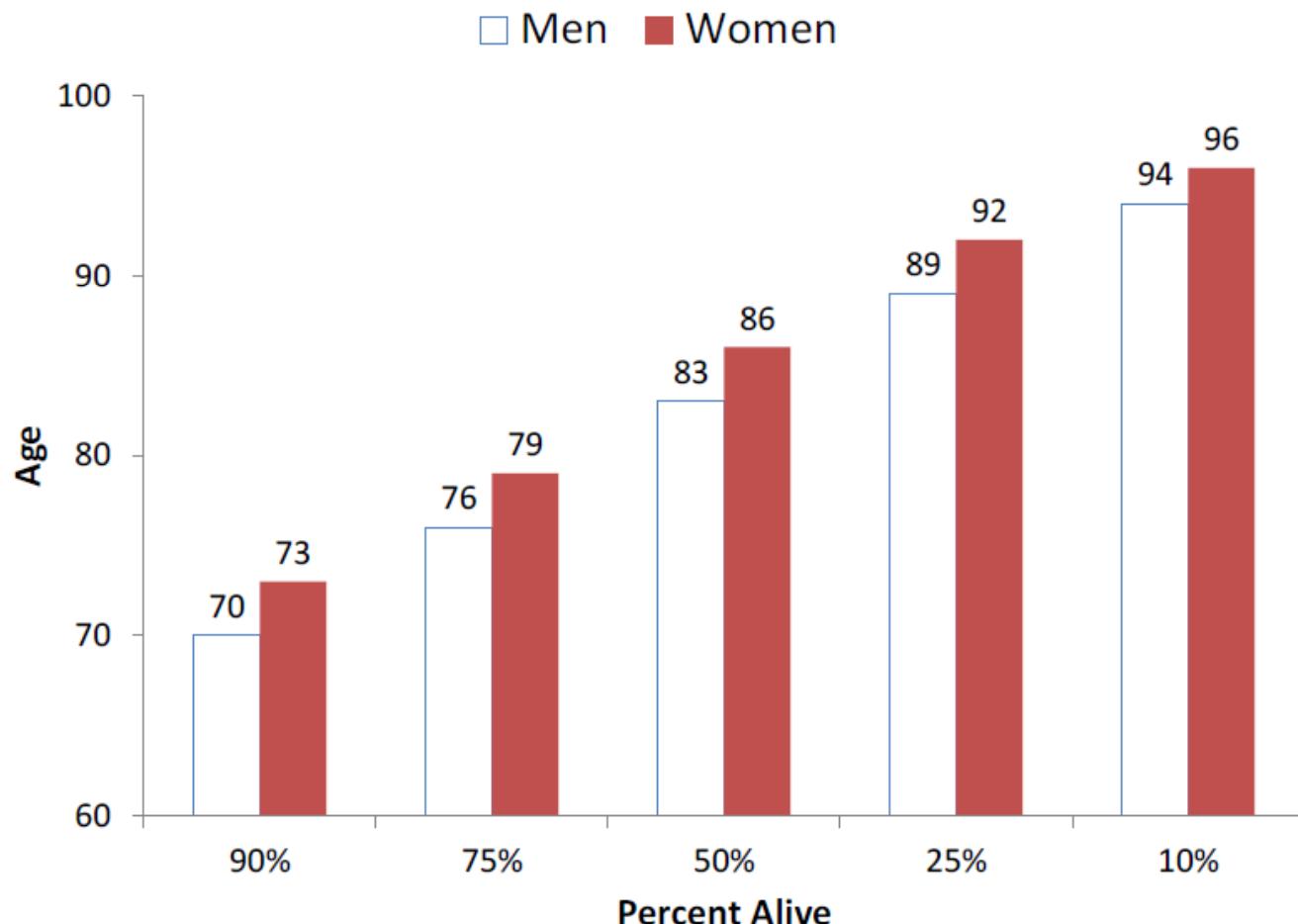
Retirement facts-Life Expectancy at age 65 today



Source Social Security Administration, Life Expectancy, 2014, (<http://ssa.gov/planners/lifeexpectancy.htm>).



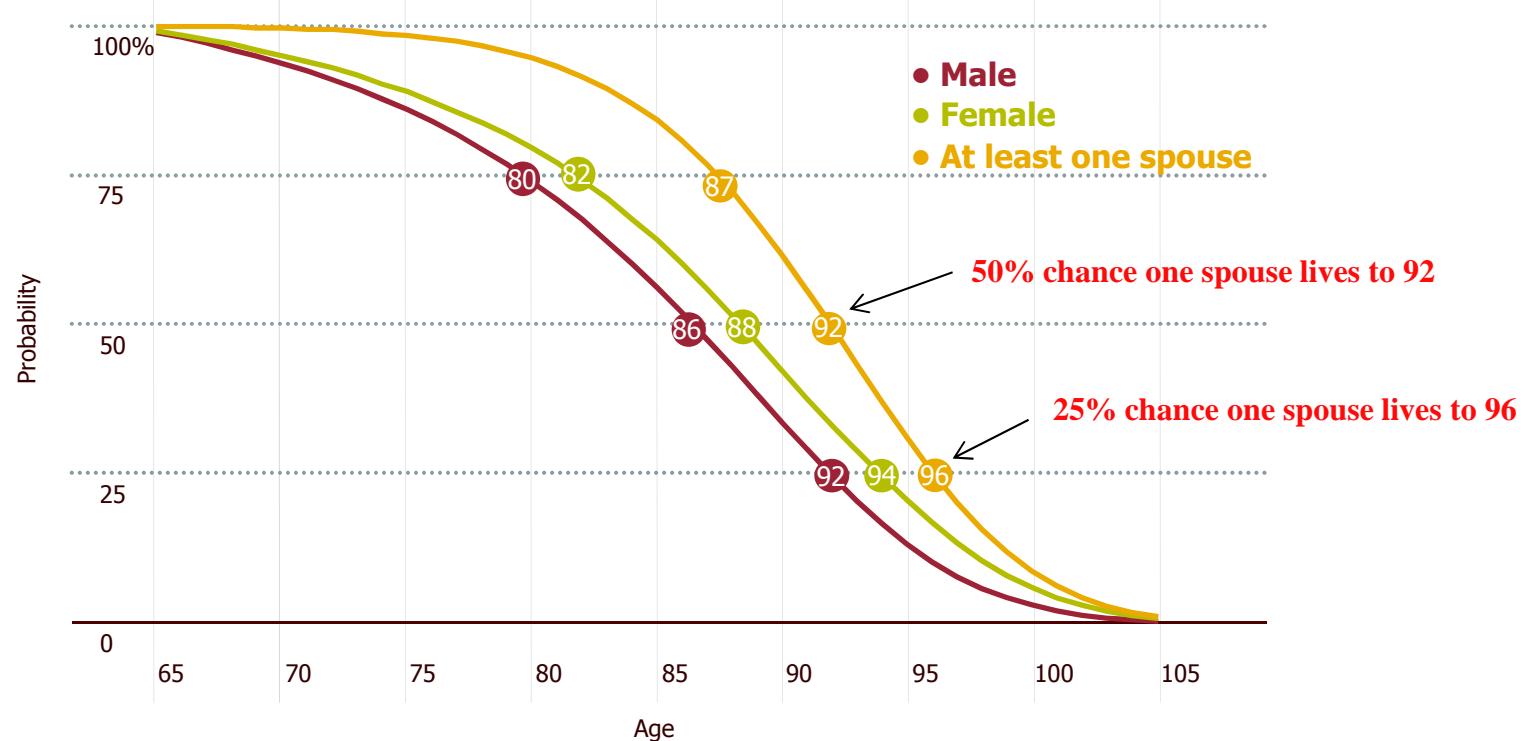
You Don't Want to Outlive Your Money





Savings need to go further

Probability of a 65-year-old living to various ages



Source: 2012 Individual Annuity Mortality Basic Tables, Society of Actuaries.
© 2014 Morningstar. All Rights Reserved.



Retirement is More Than a Number

Planning a successful, financially stress-free retirement (if that's possible) is more than randomly determining how much money you need to accumulate during your working years and/or how much income you'll need.

It's about developing goals, determining predictable costs, and understanding the social benefits that you will be entitled to receive.

Retirement isn't a one-time event, retirement is a lifestyle, one that you want to live on your terms. The earlier you begin planning for this lifestyle the better it will be.



Establish a Solid Retirement Vision/Goal

What do you envision lifestyle to be during retirement?

This is the adult version of *what do you want to be when you grow up* question. It is also one of the most difficult to answer.

Many, many people find leaving the day-to-day workplace a frightful proposition. Numerous questions abound, most initially focusing on money, then gradually shifting to time. Suffice to say, no one wants to run out of money before they run out of time.



Establish a Solid Retirement Vision/Goal

What do you envision lifestyle to be during retirement?

The majority of people, when asked, will more than likely state that what they want to do during retirement is essentially the same thing they do today, minus the work part.

- If they like to travel, they want to travel more.
- If they like to garden, they want to garden more.
- If they like to spend time with their grandchildren, they want to spend more time with their grandchildren.

Basically, people want to have the same lifestyle during retirement that they have the year before retiring.



Some things to consider when establishing solid retirement plans

- What do you envision lifestyle to be during retirement?
- Income needed to support your desired lifestyle.
- At what age should you retire?
- How much will you get from Social Security?
- How much of a 'nest egg' will you need?
- Additional Social Security strategies.
- How does Medicare work, and the ancillary costs?



Establish a Solid Retirement Vision/Goal

Income Needed to Support the Lifestyle

- As you get closer to retirement the better prepared you'll be to determine how much retirement is going to cost. Doing more of what you like, traveling, golfing, etc., will cost money. And since you're no longer working (ancillary topic), you best start to work on a savings plan, determine your costs.
- Look to see what you're spending now on the things you'll need to buy in retirement, specifically food, utilities, health care, transportation, housing, and fun (not necessarily in that order).
- This will give you a baseline on your potential costs, but there's one more step...



Establish a Solid Retirement Vision/Goal

Income Needed to Support the Lifestyle

- It is highly advisable to step into retirement with the least amount of debt as reasonably possible, and no debt is best.
- The less you owe the less you'll need. The less you need the further what you have will go.
- The biggest cost will be housing. ***Paying off your mortgage prior to retirement is some of the best advice we can give.***
- Once you have your cost estimates in place you can realistically begin to work toward an annual income goal. Armed with that you can factor in Social Security, any other payments you may have coming, then get a firm grip on how much money you may need to supplement your income.



Establish a Solid Retirement Vision/Goal

Age at Retirement

There are many factors that determine at what age a person retires. Health, age of spouse, income needs, total debt, amount of accumulated assets, Social Security benefits, Medicare benefits, etc.

It's very important to understand your Social Security options prior to making this decision, as Social Security will provide guaranteed income throughout retirement.



Establish a Solid Retirement Vision/Goal

How does Medicare work?

Understanding Medicare, and how it effects you and your family, is equally as important as the Social Security benefit component.

While there is substantial coverage, there are also out of pocket costs. The extra costs are essential to your expense calculations, especially if you have a history of medical issues that will continue through your lifetime.

This will be discussed later in this presentation.



Establish a Solid Retirement Vision/Goal

How much will you get from Social Security?

Many people wonder how their benefit is figured. Social Security benefits are based on your lifetime earnings. Your actual earnings are adjusted or “indexed” to account for changes in average wages since the year the earnings were received. Then Social Security calculates your average indexed monthly earnings during **the 35 years in which you earned the most.**

There are additional considerations and computations, but this is the one of the key factors. More on this later in the presentation.



What is Full Retirement Age?

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943 – 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 or later	67

Determine Social Security Benefit Example, Retire at 62

Year	Age	Income	Year	Age	Income	Year	Age	Income
1975	23	\$22,740	1990	38	\$11,000	2005	53	\$41,687
1976	24	\$23,204	1991	39	\$31,417	2006	54	\$42,538
1977	25	\$23,677	1992	40	\$32,059	2007	55	\$43,406
1978	26	\$24,160	1993	41	\$32,713	2008	56	\$44,292
1979	27	\$24,654	1994	42	\$33,380	2009	57	\$45,196
1980	28	\$25,157	1995	43	\$34,062	2010	58	\$46,118
1981	29	\$25,670	1996	44	\$34,757	2011	59	\$47,060
1982	30	\$26,194	1997	45	\$35,466	2012	60	\$48,020
1983	31	\$26,729	1998	46	\$36,190	2013	61	\$49,000
1984	32	\$27,274	1999	47	\$36,928	2014	62	\$50,000
1985	33	\$27,831	2000	48	\$37,682	2015	63	Retired
1986	34	\$28,399	2001	49	\$38,451	2016	64	Retired
1987	35	\$28,978	2002	50	\$39,236	2017	65	Retired
1988	36	\$29,570	2003	51	\$40,037	2018	66	Retired
1989	37	\$30,173	2004	52	\$40,854	2019	67	Retired

Monthly Benefit*: **\$1,587**

*SSA.GOV

Determine Social Security Benefit Example, Retire at 66

Year	Age	Income	Year	Age	Income	Year	Age	Income
1975	23	\$22,740	1990	38	\$11,000	2005	53	\$41,687
1976	24	\$23,204	1991	39	\$31,417	2006	54	\$42,538
1977	25	\$23,677	1992	40	\$32,059	2007	55	\$43,406
1978	26	\$24,160	1993	41	\$32,713	2008	56	\$44,292
1979	27	\$24,654	1994	42	\$33,380	2009	57	\$45,196
1980	28	\$25,157	1995	43	\$34,062	2010	58	\$46,118
1981	29	\$25,670	1996	44	\$34,757	2011	59	\$47,060
1982	30	\$26,194	1997	45	\$35,466	2012	60	\$48,020
1983	31	\$26,729	1998	46	\$36,190	2013	61	\$49,000
1984	32	\$27,274	1999	47	\$36,928	2014	62	\$50,000
1985	33	\$27,831	2000	48	\$37,682	2015	63	\$51,000
1986	34	\$28,399	2001	49	\$38,451	2016	64	\$51,000
1987	35	\$28,978	2002	50	\$39,236	2017	65	\$51,000
1988	36	\$29,570	2003	51	\$40,037	2018	66	\$51,000
1989	37	\$30,173	2004	52	\$40,854	2019	67	Retired

Monthly Benefit*: \$2,107

*SSA.GOV



Social Security, Electing Early Benefits*

If elected early, the Retirement Benefit you will receive is reduced to this percentage of your full benefit at each age:

Age when you begin receiving benefits	Wage Earner
62	75%
62 + 6 months	77.5
63	80
63 + 4 months	82.2
64	86.7
64 + 9 months	91.7
65	93.3
66	100

*Source: SSA.gov. If you were born between 1943 & 1954

When to take Social Security

Your decision on when to begin receiving Social Security, and the amount you receive based on that decision, will have a major impact on the amount of money you will need to have in your "nest egg."

	Early Age 62		Full Retirement	
	Monthly	Annual	Monthly	Annual
Full Social Security Spouse 1	\$1,587	\$19,044	\$2,107	\$25,284
Full Social Security Spouse 2	\$1,200	\$14,400	\$1,500	\$18,000
Totals	\$2,787	\$33,444	\$3,607	\$43,284

Establish a Solid Retirement Vision/Goal

Establishing a Spending Plan

Home Expenses			Personal Expenses		
Category	Current Monthly Amount	Retirement Annual Amount	Category	Current Monthly Amount	Retirement Annual Amount
Mortgage	\$1,100.00	\$13,200.00	Books / Magazines	\$25.00	\$300.00
Homeowner's Insurance	\$100.00	\$1,200.00	Care for Parent / Other	\$100.00	\$1,200.00
Taxes	\$200.00	\$2,400.00	Cash - Miscellaneous	\$500.00	\$6,000.00
Electricity	\$100.00	\$1,200.00	Cell Phone(s)	\$50.00	\$600.00
Gas/Oil	\$100.00	\$1,200.00	Clothing - Client	\$100.00	\$1,200.00
Trash Pickup		\$0.00	Clothing - Spouse	\$200.00	\$2,400.00
Water / Sewer	\$50.00	\$600.00	Dining Out	\$200.00	\$2,400.00
Cable / Satellite TV	\$100.00	\$1,200.00	Entertainment	\$100.00	\$1,200.00
Internet	\$50.00	\$600.00	Gifts	\$25.00	\$300.00
Telephone (land line)	\$50.00	\$600.00	Groceries	\$400.00	\$4,800.00
Lawn Care		\$0.00	Household Items	\$50.00	\$600.00
Maintenance - Repairs	\$100.00	\$1,200.00	Personal Care	\$100.00	\$1,200.00
Regular Maintenance	\$100.00	\$1,200.00	Recreation	\$100.00	\$1,200.00
Furniture		\$0.00	Medical	\$500.00	\$6,000.00
Subtotal:	\$2,050.00	\$24,600.00	Vacation / Travel	\$500.00	\$6,000.00
			Subtotal:	\$2,950.00	\$35,400.00

Total

\$60,000.00



Establish a Solid Retirement Vision/Goal

How much of a nest egg will you need?

After determining an estimate of costs associated with your retirement (living expenses), and establishing what your Social Security benefit will be, you will be better informed as to how much money you will need to receive from your retirement plan and outside savings.



Establish a Solid Retirement Vision/Goal

Establishing a Savings Plan with Income

The 4% spending rule

- Since the 1980s, the 4% spending rule has become standard for retirement planning.
- The idea is to take 4% of your savings and investments per year, adjusted for inflation, as income.
- Many investors are astounded that the rule is so stingy. Why is it so low?
- Many experts are worried that it may be too generous. After all, are we not worried about low interest rates?
- For our purposes let me remind you that this rule is being used as an example, an not a guarantee of results. Everyone will be different.

Establish a Solid Retirement Vision/Goal

Establishing a Spending Plan with Mortgage

Established Expenses (with mortgage)			Established Expenses (with mortgage)		
	Monthly	Annual		Monthly	Annual
Home Expenses	\$2,050	\$24,600	Home Expenses	\$2,050	\$24,600
Personal Expenses	\$2,950	\$35,400	Personal Expenses	\$2,950	\$35,400
Total	\$5,000	\$60,000	Total	\$5,000	\$60,000
Income with two Social Security checks--Begin taking Social Security at 62			Income with two Social Security checks--Begin taking Social Security at Full Retirement Age		
	Monthly	Annual		Monthly	Annual
Early Social Security Spouse 1	\$1,587	\$19,044	Full Social Security Spouse 1	\$2,107	\$25,284
Early Social Security Spouse 2	\$1,200	\$14,400	Full Social Security Spouse 2	\$1,500	\$18,000
Gap	(\$2,213)	(\$26,556)	Gap	(\$1,393)	(\$16,716)
Amount of Nest Egg needed to fill the \$26,556 gap at 4% withdrawal rate	\$663,900		Amount of Nest Egg needed to fill the \$16,716 gap at 4% withdrawal rate	\$417,900	

Establish a Solid Retirement Vision/Goal

Establishing a Spending plan without Mortgage

Established Expenses (without mortgage)		Established Expenses (without mortgage)			
	Monthly	Annual	Monthly		
Home Expenses	\$950	\$11,400	Home Expenses	\$950	\$11,400
Personal Expenses	\$2,950	\$35,400	Personal Expenses	\$2,950	\$35,400
Total	\$3,900	\$46,800	Total	\$3,900	\$46,800
Income with two Social Security checks--Begin taking Social Security at 62		Income with two Social Security checks--Begin taking Social Security at Full Retirement Age			
	Monthly	Annual	Monthly		
Early Social Security Spouse 1	\$1,587	\$19,044	Full Social Security Spouse 1	\$2,107	\$25,284
Early Social Security Spouse 2	\$1,200	\$14,400	Full Social Security Spouse 2	\$1,500	\$18,000
Gap	(\$1,113)	(\$13,356)	Gap	(\$293)	(\$3,516)
Amount of Nest Egg needed to fill the \$13,356 gap at 4% withdrawal rate	\$333,900		Amount of Nest Egg needed to fill the \$3,516 gap at 4% withdrawal rate	\$87,900	

Some of the Best Advice We Can Give

Pay-off mortgage, delay taking Social Security benefits

Established Expenses (with mortgage)			Established Expenses (without mortgage)		
	Monthly	Annual		Monthly	Annual
Home Expenses	\$2,050	\$24,600	Home Expenses	\$950	\$11,400
Personal Expenses	\$2,950	\$35,400	Personal Expenses	\$2,950	\$35,400
Total	\$5,000	\$60,000	Total	\$3,900	\$46,800
Income with two Social Security checks--Begin taking Social Security at 62			Income with two Social Security checks--Begin taking Social Security at Full Retirement Age		
	Monthly	Annual		Monthly	Annual
Early Social Security Spouse 1	\$1,587	\$19,044	Full Social Security Spouse 1	\$2,107	\$25,284
Early Social Security Spouse 2	\$1,200	\$14,400	Full Social Security Spouse 2	\$1,500	\$18,000
Gap	(\$2,213)	(\$26,556)	Gap	(\$293)	(\$3,516)
Amount of Nest Egg needed to fill the \$26,556 gap at 4% withdrawal rate	\$663,900		Amount of Nest Egg needed to fill the \$3,516 gap at 4% withdrawal rate	\$87,900	

Social Security, Electing Late Benefits*

By delaying the receipt of your benefit, what you will receive is increased to this percentage of your full benefit at each age:

Age when you begin receiving benefits	% of SS Benefit
62	75%
62 + 6 months	77.5
63	80
63 + 4 months	82.2
64	86.7
64 + 9 months	91.7
65	93.3
66	100
67	108
68	116
69	124
70	132

Social Security, Electing Late Benefits

From our example of electing early or full retirement age, and then delaying to age 70

	Early Age 62		Full Retirement		Age 70	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
Full Social Security Spouse 1	\$1,587	\$19,044	\$2,107	\$25,284	\$2,781	\$33,375
Full Social Security Spouse 2	\$1,200	\$14,400	\$1,500	\$18,000	\$1,980	\$23,760
Totals	\$2,787	\$33,444	\$3,607	\$43,284	\$4,761	\$57,135

Accessing Your Social Security Statement Online

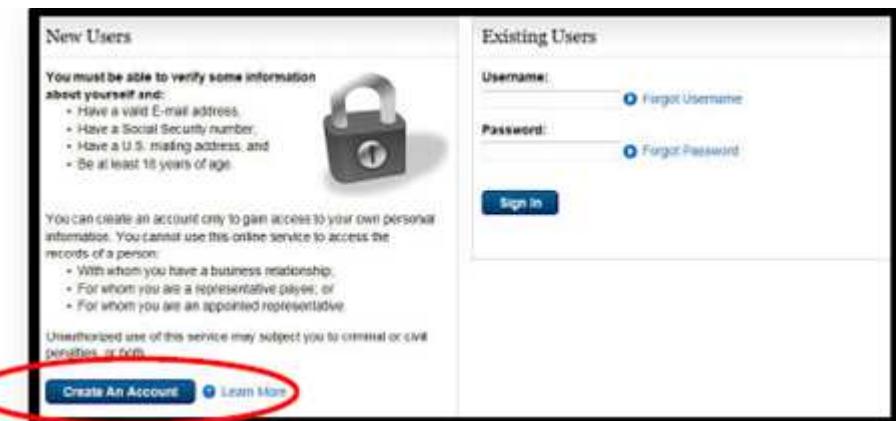
Step 1:

Visit www.socialsecurity.gov/myaccount and select: ***my Social Security***.



Step 2:

Select "*Create An Account.*"



Source: Social Security Administration, January 2014



Retiring or leaving Wayne County?

Your Defined Contribution distribution options include

- Keep your money in the plan and access it at a point in the future when you wish
- Directly rolling your account balance over to another financial institution
- Having your account balance paid in installments as you choose
- Having your account balance pay out a sum you choose, periodically when you request it, or pay-out the entire sum at one time
- Electing an annuity through the County

The Department of Labor is here to help

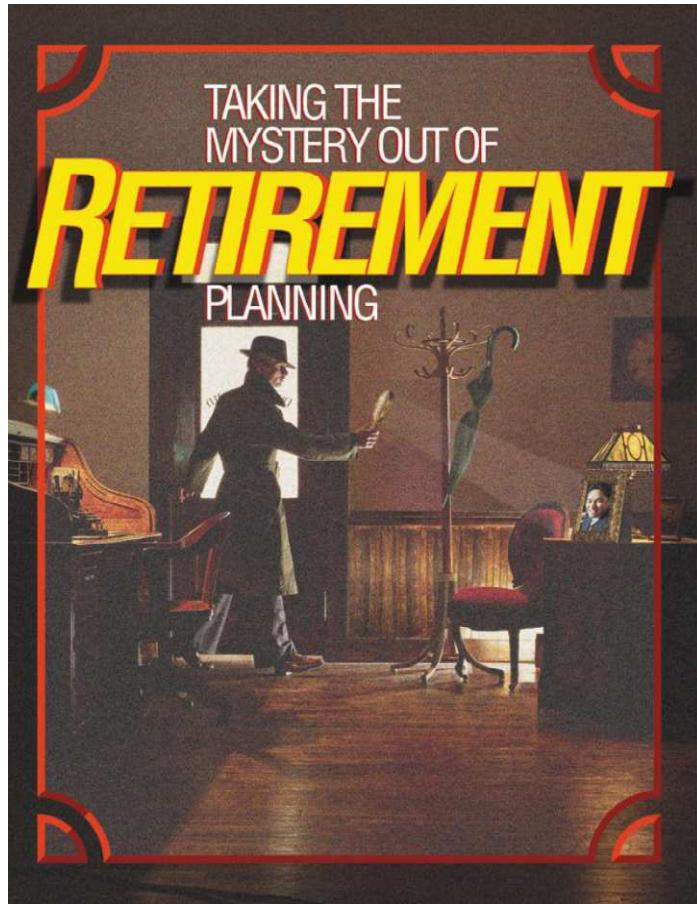


Table Of Contents

- [Chapter 1 - Tracking Down Today's Money](#)
- [Chapter 2 - Tracking Down Future Money...At Retirement and After](#)
- [Chapter 3 - Tracking Down Future Expenses](#)
- [Chapter 4 - Comparing Income And Expenses](#)
- [Chapter 5 - Five Ways To Close The Gap](#)
- [Chapter 6 - Making Your Money Last](#)
- [Chapter 7 - Tracking Down Help For Retirement Resources](#)

This publication has been developed by the U.S. Department of Labor, Employee Benefits Security Administration, and its partners.



References Used for this Presentation

Taking the Mystery Out of Retirement Planning

<http://www.dol.gov/ebsa/publications/nearretirement.html>

This publication can be downloaded in PDF

DOL Retirement Expense Calculator

<http://askebsa.dol.gov/retirementcalculator/UI/general.aspx>

Social Security Quick Calculator

<http://www.socialsecurity.gov/cgi-bin/benefit6.cgi>

Social Security

www.ssa.gov

Planning for Accumulation

<http://www.choosetosave.org/ballpark/>



For help with asset allocation, questions about the Wayne County retirement plans, or your personal retirement needs, please call: 888-802-5126

2016 Retirement Readiness

Medicare Basics

*Content provided by Centers
for Medicare and Medicaid
Services*

What Is Medicare?

- Health insurance for people
 - 65 and older
 - Under 65 with certain disabilities
 - Amyotrophic Lateral Sclerosis
 - Any age with End-Stage Renal Disease

NOTE: To get Part A and/or Part B, you must be a U.S. citizen or lawfully present in the United States.

Who Runs Medicare?

- Centers for Medicare & Medicaid Services (CMS)
 - Administers program
- Social Security Administration (SSA)
 - Enrolls most individuals
- Railroad Retirement Board (RRB) enrolls railroad retirees

The 4 Parts of Medicare



**Part A
Hospital
Insurance**

**Part B
Medical
Insurance**

**Part C
Medicare
Advantage
Plans (like
HMOs/PPOs)**
Includes Part A,
Part B and
sometimes Part
D coverage

**Part D
Medicare
Prescription
Drug
Coverage**

Enrolling in Medicare—Automatic

- Automatic enrollment for those receiving
 - Social Security benefits
 - Railroad Retirement Board benefits
- Initial Enrollment Period Package
 - Mailed 3 months before
 - 65 or
 - 25th month of disability benefits
 - Includes your Medicare card



Enrolling in Medicare When It's Not Automatic

- If you're not automatically enrolled
 - You need to enroll with Social Security
 - Visit socialsecurity.gov, or
 - Call 1-800-772-1213, or
 - Visit your local office
 - If retired from Railroad, enroll with the Railroad Retirement Board (RRB)
 - Call your local RRB office or 1-877-772-5772

When to Enroll in Medicare

- Your Initial Enrollment Period (IEP) lasts 7 months
 - Begins 3 months before your 65th birthday
 - Includes the month you turn 65
 - Ends 3 months after you turn 65
 - Your start date will be delayed
- Can enroll in free Part A anytime after IEP begins
- Can only enroll in Part B (and premium Part A) during IEP and other limited times
- May have a lifetime penalty if you don't enroll during IEP

Enrolling During the General Enrollment Period (GEP)

- GEP
 - For people who didn't sign up for Part B (or premium Part A) during Initial Enrollment Period
- Occurs January 1 through March 31 annually
- Coverage starts July 1
- May have to pay a lifetime penalty
 - 10% for each 12 months eligible but not enrolled

Enrolling During the Limited Special Enrollment Period (SEP)

- Most people don't qualify for a SEP
- Must have group health plan coverage based on active, current employment of you or your spouse
- Can enroll:
 - Anytime still covered by group health plan, or
 - Within 8 months of the loss of coverage or current employment, whichever happens first

NOTE: Retiree and COBRA coverage not considered active employment.

Original Medicare

Part A—Hospital Insurance Coverage

- Part A – Hospital Insurance helps cover
 - Inpatient hospital care
 - Inpatient skilled nursing facility (SNF) care
 - Blood (inpatient)
 - Certain inpatient non-religious, nonmedical health care in approved religious nonmedical institutions (RNHCIs)
 - Home health care
 - Hospice care



Paying for Medicare Part A (Hospital Insurance)

- Most people don't pay a premium for Part A
 - If you paid Federal Insurance Contributions Act (FICA) taxes at least 10 years
- If you paid FICA less than 10 years
 - Can pay a premium to get Part A
- May have a penalty if you don't enroll when first eligible

Part A—What You Pay in Original Medicare—2016

Hospital Inpatient Stay	<ul style="list-style-type: none">■ \$1,288 deductible and no coinsurance for days 1–60 of each benefit period■ \$322 per day for days 61–90 each benefit period■ \$644 per “lifetime reserve day” after day 90 of each benefit period (up to 60 days over your lifetime)■ All costs for each day after the lifetime reserve days■ Inpatient mental health care in a psychiatric hospital limited to 190 days in a lifetime
Skilled Nursing Facility Care	<ul style="list-style-type: none">■ \$0 for the first 20 days of each benefit period■ \$161.00 per day for days 21–100 of each benefit period■ All costs for each day after day 100 in a benefit period
Home Health Care Services	<ul style="list-style-type: none">■ \$0 for home health care services■ 20% of the Medicare-approved amount for durable medical equipment

Original Medicare

Part B—Medical Insurance Coverage

- Part B—Medical Insurance helps cover
 - Doctors' services
 - Outpatient medical and surgical services, supplies
 - Clinical lab tests
 - Durable medical equipment
 - Diabetic testing supplies
 - Preventive services



Medicare Part B–Covered Preventive Services

- "Welcome to Medicare" preventive visit
- Yearly "Wellness" visit
- Abdominal aortic aneurysm screening
- Alcohol misuse screening and counseling
- Bone mass measurement
- Breast cancer screening (mammogram)
- Cardiovascular disease (CVD) Risk Reduction Visit
- Cardiovascular disease screenings
- Cervical and vaginal cancer screening
- Colorectal cancer screenings
 - Screening fecal occult blood test
 - Screening flexible sigmoidoscopy
 - Screening colonoscopy
 - Screening barium enema
 - Multi-target stool DNA test
- Depression screening
- Diabetes screenings
- Diabetes self-management training
- Flu shots (Vaccine)
- Glaucoma tests
- Hepatitis B shots (Vaccine)
- Hepatitis C screening test NEW!
- HIV screening
- Lung Cancer Screening NEW!
- Medical nutrition therapy services
- Obesity screening and counseling
- Pneumococcal shots UPDATE
- Prostate cancer screening
- Sexually-transmitted infections screening and counseling
- Tobacco use cessation counseling



Monthly Part B Premium

If Your Yearly Individual Income in 2014 was	If Your Yearly Joint Income in 2014 was	In 2016 You Pay Per Month
\$85,000 or less	\$170,000 or less	\$121.80
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	\$170.50
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	\$243.60
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	\$316.70
Above \$214,000	Above \$428,000	\$389.80

NOTE: Premiums are usually deducted from your Social Security benefit payment.

Part B—(Medical Insurance)

What You Pay in Original Medicare in 2016

Yearly Deductible	\$166.00
Coinurance for Part B Services	<ul style="list-style-type: none">■ 20% coinsurance for most covered services, like doctor's services and some preventive services, if provider accepts assignment■ \$0 for some preventive services■ 20% coinsurance for outpatient mental health services, and copayments for hospital outpatient services

Part B and Active Employment

- If you don't have coverage from active employment
 - Delaying Part B may mean
 - Higher premiums
 - Paying for your health care out of pocket
 - Waiting until next General Enrollment Period to enroll (January 1 –March 31)
 - With coverage not starting until July 1
- If you do have coverage through active employment
 - You may want to delay Part B
 - No penalty if you enroll while you have coverage or within 8 months of losing coverage

What Is a Medigap Policy?

- Medigap (Medicare Supplement Insurance) Policies
 - Sold by private companies
- Fills gaps in Original Medicare
 - Deductibles, coinsurance, copayments
- All plans with same letter
 - Have same coverage
 - Costs are different

Medigap Plan Types

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%	50%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	100%	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 2016**							\$4,960	\$2,480		

*Plan F is also offered as a high-deductible plan by some insurance companies in some states. If you choose this option, this means you must pay for Medicare-covered costs (coinsurance, copayments, deductibles) up to the deductible amount of \$2,180 in 2016 before your policy pays anything.

**For Plans K and L, after you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$166 in 2016), the Medigap plan pays 100% of covered services for the rest of the calendar year.

*** Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.

When Is the Best Time to Buy a Medigap Policy?

- Consider
 - Your Medigap Open Enrollment Period (OEP) begins the month you're 65 or older AND enrolled in Part B
 - Lasts 6 months minimum, may be longer in your state
 - You have protections – companies MUST sell you a plan if in your OEP
 - You can also buy a Medigap policy whenever a company agrees to sell you one
 - If later, there may be restrictions

Part D—Medicare Prescription Drug Coverage

- Available for all people with Medicare
- Provided through
 - Medicare Prescription Drug Plans (PDPs)
 - Medicare Advantage Prescription Drug Plans (MA-PDs)
 - Some other Medicare health plans



How Medicare Part D Works

- It's optional
 - You can choose a plan and join
 - May pay a penalty to join later
- Plans have formularies
 - Lists of covered drugs
 - Must include range of drugs in each category
- You pay the plan a monthly premium
- You pay deductibles and copayments
- There is Extra Help to pay Part D costs
 - If you have limited income and resources

When Can I Enroll in a Part D Plan?

- During your 7-month Initial Enrollment Period
- During the yearly Open Enrollment Period
 - October 15–December 7 each year
 - Coverage begins January 1
- May be able to join at other times
 - Medicare Advantage Disenrollment Period
 - Special Enrollment Period
 - For example, anytime you get Extra Help

Coordination of Benefits Overview

- Each type of health insurance coverage is called a “payer”
- When there’s more than one payer, coordination of benefits rules decide which pays first
- There may be primary and secondary payers, and in some cases there may also be a third payer

When Does Medicare Pay?

- Medicare may be primary payer
 - In the absence of other primary insurance
- Medicare may be secondary payer
 - You may have other insurance that must pay first
- Medicare may not pay at all
 - For services and items other health insurance is responsible for paying

When Medicare Is the Primary Payer

- If Medicare is your only insurance, or
- Your other source of coverage is
 - A Medigap (Medicare supplement insurance) policy
 - Medicaid
 - Retiree benefits
 - The Indian Health Service
 - Veterans benefits
 - TRICARE
 - Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage
 - Except 30-month coordination period for people with End-Stage Renal Disease

Benefits Coordination & Recovery Center

- Identifies health benefits available to people with Medicare
- Coordinates claims to ensure they're paid by correct payer
- Responsible for identifying
 - Medicare Secondary Payer (MSP) situations
 - Claims that should cross over to supplemental insurers
- MSP Claims Investigation
 - Contractor learns about other insurance
 - Identifies which is primary

Important Retiree Coverage Considerations

- Most retiree plans offer generous coverage for the entire family
 - Employer/union must disclose how its plan works with Medicare drug coverage
- If you lose your creditable prescription drug coverage, you have 63 days to enroll in a Part D plan without penalty
- People who drop retiree drug coverage may
 - Lose other health coverage
 - Not be able to get it back
 - Cause family members to lose their coverage

Employer Group Health Plans (EGHP)

If You Are	Medicare Pays First
65 or older and have retiree coverage	Yes
65 or older with EGHP coverage through current employment (yours or your spouse's)	If the employer has less than 20 employees
Under 65 with a disability and have EGHP coverage through current employment (yours or a family member's)	If the employer has less than 100 employees
Eligible for Medicare due to End-Stage Renal Disease (ESRD) and you have EGHP coverage	When the 30-month coordination period ends, or if you had Medicare primary before you had ESRD

Consolidated Omnibus Budget Reconciliation Act Coverage (COBRA)

If You	Medicare Pays First
Are 65 or older or have a disability and have COBRA continuation coverage	In most cases
Have COBRA continuation coverage and are eligible for Medicare due to End-Stage Renal Disease	When your 30-month coordination period ends

Part C—Medicare Advantage

- Health plan options approved by Medicare
 - Another way to get Medicare coverage
 - Still part of the Medicare program
 - Run by private companies
- Medicare pays the plan an amount
 - For each member's care
- May have to use network doctors or hospitals
- Types of plans available may vary



When and How Can I Enroll in a Medicare Advantage Plan?

- Generally during your Initial Enrollment Period
- During the yearly Open Enrollment Period
 - October 15–December 7 each year
 - Coverage begins January 1
- May be able to join at other times
 - Special Enrollment Period
- Contact the plan to join
 - Call their telephone number
 - Visit their website
 - Use the Medicare Plan Finder at Medicare.gov

Decision: Should I Join a Medicare Advantage Plan?

- Consider
 - You must have Part A **and** Part B to join
 - Most offer comprehensive coverage
 - Including Part D drug coverage
 - Some plans may require you to use a network
 - You may need a referral to see a specialist
 - You must pay the Part B and the monthly plan premium
 - You can only join/leave plan during certain periods
 - It doesn't work with Medigap policies
 - It's NOT available to MOST people with End-Stage Renal Disease (ESRD)

Help for People With Limited Income and Resources

- Medicare Savings Programs
 - Help from Medicaid paying Medicare costs, including Medicare premiums, deductibles, and/or coinsurance
- Extra Help
 - Help paying Part D prescription drug costs
- Medicaid
 - Federal-state health insurance program
 - For people with limited income/resources
- Children's Health Insurance Program (CHIP)
 - Covers uninsured children up to age 19 and may cover pregnant women
 - Family income too high for Medicaid

How Are Medicare and Medicaid Different?

Medicare	Medicaid
National program that is consistent across the country	Statewide programs that vary among states
Administered by the federal government	Administered by state governments within federal rules (federal/state partnership)
Health insurance for people 65 and over and with certain disabilities, or with End-Stage Renal Disease (ESRD)	Health insurance for people based on need; financial and non-financial requirements
Nation's primary payer of inpatient hospital services to the disabled, elderly and people with ESRD	Nation's primary public payer of acute health care, mental health, and long-term care services

Helpful Websites

- Medicare - Medicare.gov
- Medicaid - Medicaid.gov
- Social Security - socialsecurity.gov
- Health Insurance Marketplace -HealthCare.gov
- CHIP - InsureKidsNow.gov
- CMS National Training Program - CMS.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/index.html
- State Health Insurance Assistance Program
Medicare.gov/contacts/

Key Points to Remember

- Medicare is a health insurance program
- It doesn't cover all of your health care costs
- You have choices in how you get coverage
- There are programs for people with limited income and resources
- Decisions affect type of coverage you get
- Certain decisions are time-sensitive
- You can get help if you need it

WWW.MEDICARE.GOV

To view valuable materials regarding Medicare,
visit

www.medicare.gov

or Call 1-800-MEDICARE (1-800-633-4227)

TTY users should call 1-877-486-2048