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de Leon
RETIREMENT SERVICES, LLC

THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter

Maximize Your Golden Years: Essential Tips for August

By Anne de Leon

Welcome to our August newsletter! As summer reaches its peak, we hope you're enjoying the sunshine and making the most of these warmer days. This month, we've packed our newsletter with valuable insights and updates to help you navigate your financial and healthcare planning with confidence. We're thrilled to bring you a variety of topics, including Medicare enrollment tips to strategies for maximizing your retirement income, we have something for everyone.

In this issue, you'll find essential information on the Medicare General Enrollment Period, strategies for maximizing retirement income, and whether to claim Social Security early or wait for benefits. We also highlight Medicare's new support for family caregivers with three key changes. Don't miss our fun word search and important workshop dates on the last pages. Dive in and discover how you can make informed decisions for a secure and fulfilling retirement.

In This Issue:

Understanding Medicare General Enrollment Period

The Medicare General Enrollment Period (GEP) runs from January 1 to March 31 every year. This window is crucial for those who are eligible for Medicare Parts A and/or B but missed their Initial Enrollment Period (IEP) or any Special Enrollment Periods (SEPs). It provides an opportunity to join Medicare and avoid potential penalties.

When Can You First Enroll in Medicare?

Most people become eligible for Medicare around their 65th birthday, starting three months before and ending three months after their birthday month. Alternatively, those receiving Social Security Disability Insurance (SSDI) for 24 months are also eligible. During the IEP, it's advisable for those not actively employed past 65 or without employer health coverage to enroll in both Parts A and B to avoid late enrollment penalties.

Why Delay Enrolling in Part B?

People still employed and covered by employer health insurance can delay enrolling in Part B without penalty. Employer insurance usually pays first, leaving no immediate need for Medicare coverage. Upon retirement, these individuals receive a Special Enrollment Period to sign up for Part B.

How the General Enrollment Period Works

During the GEP, individuals can enroll in Medicare at any time in January, February, or March, with coverage starting the month after enrollment. However, those who delay Part B enrollment face a lifelong penalty of 10% for each year they are delayed. Exceptions exist for those eligible for Medicare Savings Programs or those who were disabled and are now 65.

Importance for Low-Income Clients

Some clients may have declined Part B initially due to the premium costs. Medicare Savings Programs can cover these premiums and protect from penalties. The Qualified Medicare Beneficiary (QMB) program can also cover Part A premiums for those eligible.

Medicare Part D Enrollment

Enrolling in Medicare Parts A and/or B during the GEP also triggers a Special Enrollment Period for Medicare Part D, providing prescription drug coverage starting the month after enrollment.

For more resources on helping clients with Medicare decisions, explore our comprehensive guides on Medicare Enrollment Assistance for Older Adults.

The National Council on Aging. (n.d.).https://www.ncoa.org/article/a-closer-look-at-the-medicare-general-enrollment-period

Retirees Who Annuitize Income Spend Twice as Much

Retirees with annuitized income spend twice as much as those with non-annuitized savings, according to a new study by the Alliance for Lifetime Income's Retirement Income Institute (RII).

Key Findings from the Study

The study, Guaranteed Income: A License to Spend, by RII Fellows David Blanchett and Michael Finke show that retirees are more likely to achieve their lifestyle goals through annuitized income. Using data from the Health and Retirement Study (HRS), the researchers examined households with at least $100,000 in savings, comparing their potential spending in retirement with their actual spending based on guaranteed income sources. They found that every $1 of assets converted to guaranteed income could result in nearly twice the equivalent spending compared to non-annuitized assets.

Behavioral Insights

Blanchett and Finke's analysis reveals that retirees often struggle with how much to spend from their investments due to the uncertainty of life expectancy and asset returns. Those who annuitize their income can spend more confidently without the fear of outliving their savings. The study indicates that retirees prefer living off income rather than depleting their assets, which aligns with their motivation to save for retirement in the first place.

Psychological Comfort in Spending

According to the survey included in the analysis, 60% of respondents would feel more comfortable spending on nonessential activities, such as vacations or dining out, if they received an additional $10,000 of lifetime income compared to an extra $140,000 in savings. This trend holds true even for retirees with significant savings.

Anxiety About Spending Savings

The Alliance's 2024 Protected Retirement Income and Planning (PRIP) Study supports these findings, showing that nearly half of retirees (46%) experience anxiety about spending their savings. This anxiety is higher among those with fewer assets and is compounded by concerns about Social Security's long-term solvency.

About the Alliance for Lifetime Income

The Alliance for Lifetime Income is a non-profit organization dedicated to educating Americans about the importance of protected income in retirement. The Alliance provides resources and tools to help consumers and financial professionals build effective retirement income strategies. The organization's Retirement Income Institute conducts research and offers practical ideas to help ensure retirees have a secure financial future.

Retirees that annuitize income spend twice as much as retirees with an equal amount of Non-Annuitized Saving. (2024, June 25). Protected Income.

Claim Social Security Early and Invest, or Wait for Benefits?

One of the most significant decisions you'll face as you approach retirement is when to start taking your Social Security benefits.

Conventional Wisdom vs. Investment Strategy
Conventional advice suggests waiting until age 70 to claim benefits, as delaying increases your monthly benefit for life. This is often recommended if you have sufficient assets to cover living expenses in your 60s and expect to live into your mid-80s or beyond.

However, some financial advisors argue that taking benefits early, particularly for those confident in their investment abilities. By claiming Social Security at full retirement age (66 or 67 for many) and investing the benefits wisely, you could potentially build a larger nest egg.

Pros and Cons of Early Benefits
Taking Social Security early can provide immediate income, which some retirees use for travel or other pleasures. This approach also considers health issues; waiting until 70 means potentially collecting benefits at an age when you might be less able to enjoy them. Additionally, for married couples, a higher-earning spouse might delay benefits to maximize the survivor benefit for the younger spouse.

Investing early benefits carries risks, especially if the market conditions are unfavorable. High stock valuations and geopolitical instability can heighten market volatility, making it challenging to achieve the necessary returns to offset the delayed benefits' 8% annual increase.

Balancing Risks and Rewards
Many worry that Social Security might run out of funds, prompting early claims. However, experts believe those 55 and older are unlikely to see changes in benefits despite potential long-term reforms. Social Security benefits are also adjusted for inflation through cost-of-living adjustments (COLAs), adding another layer of financial security.

Health and Earnings Considerations
When deciding when to claim Social Security, you should also consider your health and life expectancy. Consulting with your healthcare providers can give a more accurate prognosis than relying on family history alone. If you choose to claim benefits at 62 while still working, be aware that your benefits may be reduced due to the earnings test.

Final Thoughts
Choosing when to take Social Security benefits is a complex decision that involves weighing financial needs, health expectations, and investment risks. Consulting with a financial advisor can help tailor the decision to your unique circumstances, ensuring a strategy that supports your long-term financial goals.

Stanley, A., & Fox, R. (2024, June 11). Claim social security early and invest, or wait for benefits? Investor's Business Daily.

Medicare's New Support for Family Caregivers: Three Key Changes

Family caregivers often find themselves navigating a complex medical system without training or guidance. Jessica Guthrie from Fredericksburg, Virginia, who has cared for her mother for the past decade, shared her experience, saying, “I feel like I’ve learned all the things on the fly.” During a panel discussion at Arlington’s VHC Health, Guthrie joined the head of the Centers for Medicare & Medicaid Services (CMS), a healthcare provider, and AARP’s chief advocacy and engagement officer to discuss new Medicare support for caregivers.

In an effort to support the nation’s 48 million family caregivers, President Joe Biden signed an executive order on April 18, 2023, directing federal agencies to improve support for caregivers. This includes changes to Medicare rules aimed at providing caregivers with the necessary training and resources.

Here are three key changes making a difference for family caregivers:

1. Providers Can Bill Medicare for Training Family Caregivers

Starting January 1, 2023, healthcare providers such as doctors, clinical psychologists, nurse practitioners, and physical therapists can bill Medicare for the time spent training family caregivers. This helps family members who assist with tasks like giving injections, managing medications, and changing bandages. Previously, caregivers had to learn these skills on their own, often without proper instruction.

Jessica Guthrie moved from Texas to Virginia to care for her mother, Constance, who has Alzheimer's disease. She shared the challenge of learning tasks like changing an adult brief and positioning her mother in bed with dignity. With the new Medicare rule, healthcare providers can now officially dedicate time to teach these essential caregiving skills.

2. Extra Education for Patients with Serious Conditions

The same rule also allows Medicare to fund principal illness navigation services for patients and their family caregivers dealing with high-risk illnesses such as cancer, dementia, and HIV/AIDS. This service helps them understand their diagnosis and make informed health care decisions.

Continued on page. 6

Lankford, K. (2024, May 23). 3 New ways Medicare is supporting family caregivers. AARP.

Medicare's New Support Cont'd...

CMS Administrator Chiquita Brooks-LaSure highlighted the importance of this support, especially for those with severe conditions like chronic obstructive pulmonary disease, heart disease, and severe mental illness. Navigating the health care system can be overwhelming, and this service aims to ease the burden by providing more comprehensive guidance and support.

3. Pilot Program for Dementia Caregivers

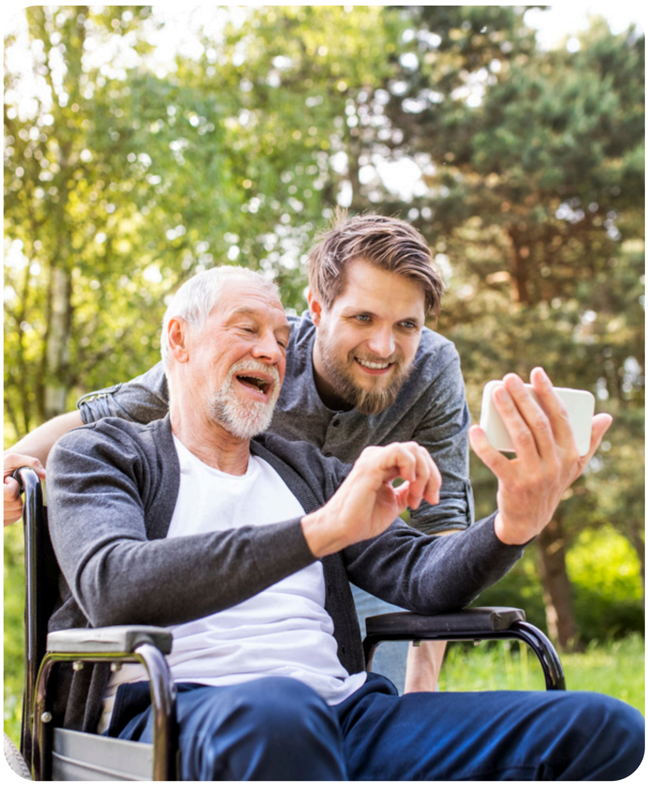
This year, a new pilot program called Guiding an Improved Dementia Experience (GUIDE) is launching to support caregivers of loved ones with dementia. The program includes 24/7 access to a support line, care coordination, caregiver training, and respite services either at home or in adult day-care settings.

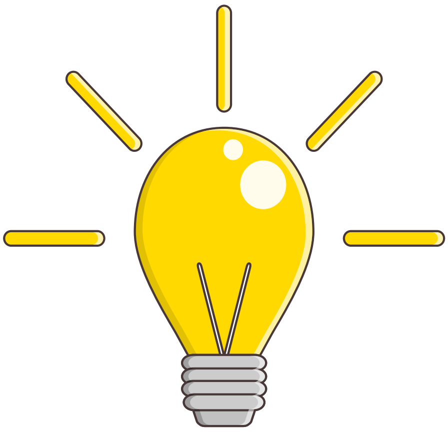
Guthrie remarked that navigating the healthcare system is the most challenging aspect of her caregiving journey. The GUIDE program aims to improve the quality of life for dementia patients and their caregivers, helping them remain in their homes longer. Although the pilot program is not accepting new applicants, it may expand if successful.

Addressing Caregiver Anxiety and Supporting Confidence

According to the Alliance's 2024 Protected Retirement Income and Planning (PRIP) Study, nearly half of retirees (46%) experience anxiety about spending their savings. This anxiety is more pronounced among those with fewer assets. Additionally, concerns about the long-term solvency of Social Security add to the stress, with only 58% of respondents are confident that Social Security will provide lifelong income.

Nancy LeaMond, an AARP executive vice president, emphasized the importance of integrating family caregivers into the health care system. She shared her personal experience of caring for her husband, Steve, who had ALS, with the help of her two sons. LeaMond underscored the significance of these new Medicare steps in to support family caregivers and hopes they will serve as models for other diseases.





ADVENTURE
AMUSEMENT PARK
AUGUST
BACK TO SCHOOL
BACKYARD
BICYCLE
CAMPFIRE
CAMPING
CORN ON THE COB
FARMERS MARKET
FIREFLY
FLOWERS
FRUIT
FUN
GRILLING
HOT
HUMID
LAKE
PLAYGROUND
POPSICLE
RELAXATION
ROAD TRIP
SAILBOAT
STATE FAIR
SUMMER
SUNFLOWER
SUNNY

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C	C	A	A	A	E	G	E	Q	N	Y	N	P	B	E	D	D	U	O
S	E	P	C	T	H	K	U	S	F	B	O	I	Q	C	Q	R	N	E
J	H	N	K	E	Z	I	R	A	R	P	C	Y	P	Y	R	A	O	R
Q	T	F	T	F	Y	B	F	A	S	E	L	S	N	M	K	Y	I	O
V	N	H	O	A	J	S	B	I	M	G	W	A	U	R	A	K	T	A
B	O	D	S	I	T	H	C	N	S	S	K	O	K	F	S	C	A	D
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D	S	G	N	I	L	L	I	R	G	E	R	I	F	P	M	A	C	J
A	U	P	K	U	T	X	T	B	Q	S	Z	J	D	G	X	V	V	S

WORD SEARCH DIRECTIONS: Find and circle the vocabulary words in the grid. Look for them in all directions including backwards and diagonally.

Upcoming MO Medicare 101 Workshops

St. Louis County Library
Thornhill Branch
12863 Willowyck Drive
St. Louis, MO 63146
- **August 8th at 6:00pm**

St. Louis County Library
Grant's View Branch
9700 Musick Rd.
St. Louis, MO 63123
- **August 10th at 10:00am**

St. Louis County Library
Oak Bend Branch
842 South Holmes Ave.
St. Louis, Missouri 63122
- **August 12th at 3:30pm**

St. Louis County Library
Mid-County Branch
7821 Maryland Ave.
Clayton, Missouri 63105
- **August 14th at 6:00pm**

St. Louis County Library
Rock Road Branch
10267 Saint Charles Rock Rd.
Saint Ann, Missouri 63074
- **August 20th at 6:00pm**

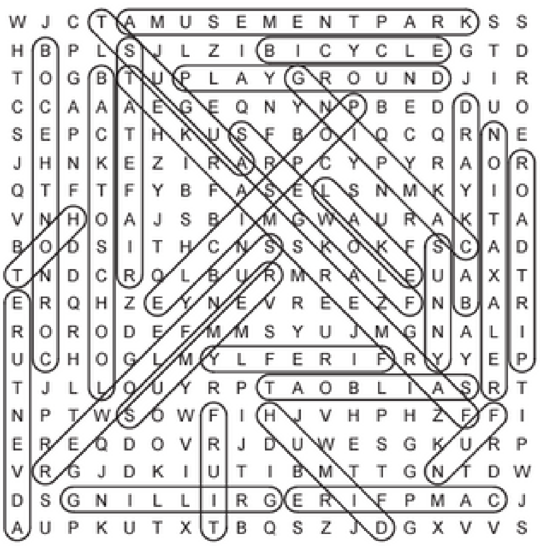
MO MEDICARE 101

Seating is Limited
Register Here:
usamedicare101.org/adl!

Thanks for reading! Please contact me with any questions about Medicare or your retirement planning.

Word Search

SOLUTION



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