



THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter



April Showers Bring Financial Power: Strengthen Your Retirement Plan

By Anne de Leon



April is a time for fresh starts, and what better way to embrace it than by strengthening your financial knowledge? This month, we're focusing on financial literacy, determining keyways to take control of your finances and reviewing Medicare plans. Understanding these topics is essential for building long-term security and reducing financial stress.

In this issue, we'll also cover important updates, including the repeal of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) and how these changes could impact Social Security benefits. Additionally, we'll break down Medicare cost gaps and explore options to help retirees manage out-of-pocket expenses. Whether you're planning for the future or adjusting to new policies, we're here to keep you informed and prepared.

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Why Financial Literacy Matters & How to Improve Yours



April is National Financial Literacy Month, making it the perfect time to focus on improving your financial knowledge and taking control of your future. Financial literacy refers to understanding and effectively managing personal finances, from budgeting and saving to investing, debt management, and retirement planning.

Having strong financial literacy skills can lead to greater financial stability, reduced stress, and improved overall well-being. By making informed financial decisions, you can build a secure future for yourself and your loved ones.

Below are some key components of financial literacy and strategies to help you improve your financial knowledge.

Key Areas of Financial Literacy

1. Budgeting & Managing Expenses

A well-structured budget helps you track income, control spending, and set realistic financial goals. By prioritizing essential expenses and cutting unnecessary ones, you can stay within your means, avoid debt, and build savings for the future.

2. Saving & Investing

Saving ensures you have money set aside for emergencies, while investing helps your money grow over time. A balanced approach to both can create financial security. Understanding the power of compounding interest and diversification can help maximize returns and reduce risk.

3. Managing Debt Wisely

Not all debt is bad—some, like student loans or mortgages, can be investments in your future, while high-interest credit card debt can be a financial burden. Understanding interest rates, loan terms, and repayment strategies can help you manage and reduce debt effectively.

4. Planning for Retirement

It's never too early to plan for retirement! Knowing how Social Security, 401(k)s, IRAs, and pension plans work can help you build a secure financial future. Having a retirement plan in place ensures you have the funds to maintain your lifestyle and cover healthcare costs.

5. Protecting Your Finances with Insurance

Insurance is a critical part of financial planning. Whether it's health, life, auto, or home insurance, having the right coverage protects you and your family from unexpected financial burdens. Additionally, setting up an emergency fund can provide extra peace of mind.

6. Understanding Financial Products & Concepts

Familiarizing yourself with basic financial concepts—like interest rates, inflation, and taxation—helps you make better financial decisions. Whether you're choosing a savings account or considering investments, having this knowledge can help you navigate financial choices confidently.

Current Annuity Rates April 2025

5.30%

3 Year Fixed Annuity

5.60%

5 Year Fixed Annuity

*To find out more,
contact me: 314-287-0179*

Why Financial Literacy Matters cont'd...

How to Improve Your Financial Literacy

✓ *Self-Education & Online Resources*

There are plenty of free online resources, including articles, podcasts, webinars, and video tutorials, that can help you understand everything from budgeting basics to advanced investment strategies. Just be sure to get information from trusted and credible sources.



✓ *Take Advantage of Financial Education Programs*

Many community organizations, nonprofits, and financial institutions offer free workshops and courses on money management. These resources can provide valuable insights, especially for seniors, families, and those planning for retirement.

✓ *Seek Professional Guidance*

Working with a financial advisor or planner can help you create a personalized financial strategy. Whether it's planning for retirement, managing investments, or reducing debt, a professional can guide you through important financial decisions and ensure you're on the right track.

✓ *Learn from Others*

Discussing finances with peers or joining financial literacy groups can give you real-world insights and strategies that you might not find elsewhere. Learning from others' experiences can provide practical, everyday solutions to improve your financial well-being.

Final Thoughts

Financial literacy is one of the most valuable skills you can develop. It allows you to make informed choices, reduce stress, and create a financially secure future. By budgeting wisely, saving and investing, managing debt, planning for retirement, and protecting yourself with insurance, you set the foundation for financial success. Take advantage of Financial Literacy Month to expand your knowledge and take steps toward a stronger financial future!

How the Social Security Fairness Act Could Change Retirement Benefits

The Social Security Fairness Act, recently signed into law, marks a significant shift in retirement benefits for many Americans. By eliminating two long-standing provisions—the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO)—the act aims to simplify retirement planning and provide more equitable Social Security benefits for public-sector workers and retirees.

For nearly three million Americans, these provisions created financial hardship by reducing or eliminating Social Security benefits for those who also received a government pension. Let's take a closer look at how these rules worked, what the repeal means, and how retirees may be affected moving forward.



The Social Security Fairness Act cont'd...

Understanding the Windfall Elimination Provision (WEP) & Government Pension Offset (GPO)

Windfall Elimination Provision (WEP):

The WEP reduced Social Security benefits for people who also received a pension from a job where they did not pay into Social Security. This often affected teachers, firefighters, police officers, and other public-sector employees. For example, if a teacher worked in a state that opted out of Social Security but later worked in a job covered by Social Security, their retirement benefits were unfairly reduced despite having paid into the system. This was particularly challenging for those who changed careers later in life.

Government Pension Offset (GPO):

The GPO reduced or completely eliminated spousal and survivor Social Security benefits for retirees with a government pension. For example, if a retired public employee received a \$3,000 monthly pension, and their spousal Social Security benefit was \$2,200, the GPO reduced the spousal benefit by two-thirds of the pension amount—resulting in a loss of \$2,000 and leaving the retiree with just \$200 in benefits.

These provisions made it difficult for retirees to estimate their actual Social Security income, often causing financial uncertainty or delays in retirement planning.

How the Repeal Impacts Social Security Beneficiaries

With the repeal of WEP and GPO, retirees who were previously affected will now see restored Social Security benefits. This change will benefit:

- ✓ Public-sector retirees who saw their Social Security benefits unfairly reduced
- ✓ Spouses and survivors who had their benefits offset by their government pensions
- ✓ Career changers who worked both in and outside of Social Security-covered jobs



The Social Security Administration (SSA) is now recalculating benefits for those who were previously affected. This includes individuals who:

- Did not apply for Social Security benefits due to expected reductions
- Were denied spousal or survivor benefits because of GPO
- Have pending cases with the SSA related to WEP or GPO



While this change is a significant win for retirees, concerns remain about the financial stability of the Social Security system. Some experts warn that Social Security is facing funding challenges, and removing these provisions could further strain the program if long-term funding solutions are not found.

What Retirees Should Do Next

If you were affected by WEP or GPO, you do not need to take action—the SSA is automatically adjusting benefits. However, retirees should:

- ✓ Verify contact information with the SSA to ensure accurate processing
- ✓ Review updated benefit statements to understand new payment amounts
- ✓ Consult a financial advisor to reassess retirement income and planning strategies



Financial advisors are already working with clients to update retirement plans and maximize the benefits from this change. For example, retirees who previously delayed Social Security due to WEP or GPO may now want to recalculate their optimal claiming age to ensure they receive the full benefits they are entitled to.

The Social Security Fairness Act cont'd...

Lump-Sum Payments for Affected Retirees

One of the biggest benefits of the repeal is the retroactive payments for those who were underpaid due to WEP and GPO.

- ✓ Over 2.5 million retirees are expected to receive a lump-sum payment covering the benefits they should have received in 2024.
- ✓ This back pay could amount to thousands of dollars per person, providing retirees with additional financial flexibility.
- ✓ Receiving full Social Security benefits may allow retirees to preserve their investment savings, creating long-term financial security.

For many, this correction is not just about receiving additional income—it's about righting a long-standing issue that impacted financial security in retirement.



A Long-Term Financial Impact

The repeal of WEP and GPO is expected to significantly improve financial stability for retirees who rely on both Social Security and a pension. Over time, this change could:

- ✓ Provide a more predictable income stream for public-sector retirees
- ✓ Allow retirees to spend less from their savings, keeping investments intact
- ✓ Reduce financial stress for individuals who previously faced unexpected benefit reductions

Many retirees will see substantial improvements to their monthly income, helping them maintain a higher standard of living in retirement. This is not a sudden windfall—it's a long-overdue correction that ensures public-sector workers receive the full benefits they earned throughout their careers.

Final Thoughts

The Social Security Fairness Act marks a historic change for retirees, removing two provisions that unfairly reduced benefits for public-sector employees.

- ✓ Retirees affected by WEP and GPO will now receive their full benefits.
- ✓ Millions will receive lump-sum payments to make up for lost benefits in 2024.
- ✓ Retirement planning will become easier and more predictable.

As the Social Security Administration updates its systems, retirees should stay informed and work with financial advisors to ensure they are making the most of their restored benefits. If you or a loved one were affected by WEP or GPO, now is the time to review your Social Security plan and explore your financial options for the future.

The best investment you can make, is an investment in yourself... The more you learn, the more you'll earn.

WARREN BUFFETT



Bridging the Medicare Cost Gap: Understanding Your Options

Medicare provides essential healthcare coverage at age 65, but it doesn't cover all expenses. Out-of-pocket costs, such as deductibles, copayments, and coinsurance, can add up quickly. The amount you pay depends on whether you choose Traditional Medicare or a Medicare Advantage plan. Choosing the right Medicare plan requires weighing cost protection, provider flexibility, and coverage needs. Understanding these trade-offs can help you make an informed decision that aligns with your healthcare and financial goals.



Traditional Medicare vs. Medicare Advantage: Cost Considerations

With Traditional Medicare, there is no built-in out-of-pocket limit for hospital and outpatient services. Many retirees opt for supplemental coverage, such as Medigap, to cover cost-sharing requirements. Without supplemental insurance, you may face high out-of-pocket expenses.

Medicare Advantage plans, on the other hand, do include out-of-pocket limits—but they can be high, ranging from \$5,000 to \$9,000 annually. These limits and cost-sharing structures vary between plans, making it essential to review details carefully.

How Medigap Helps Cover Costs

If you enroll in Traditional Medicare, a Medigap policy can help cover costs such as hospital deductibles and the 20% coinsurance for outpatient services. These plans are standardized, meaning the benefits remain the same across insurers. However, premium costs vary based on the plan you select.

Some Medigap plans even provide limited coverage for vision, dental, and fitness programs, similar to Medicare Advantage. However, Medigap policies do not include prescription drug coverage, so you'll need to enroll in a standalone Part D plan for medication coverage.

The Best Time to Buy a Medigap Policy

The ideal time to purchase a Medigap plan is when you first enroll in Medicare Part B. During this six-month open enrollment period, insurers cannot deny coverage or charge higher premiums based on pre-existing conditions. After this period, obtaining a Medigap policy may be more difficult, and premiums could be higher. Certain states, including Connecticut, Maine, Massachusetts, and New York, offer protections allowing beneficiaries to purchase Medigap outside of this period without medical underwriting.

Switching from Medicare Advantage to Traditional Medicare

If you are enrolled in a Medicare Advantage plan but want to switch back to Traditional Medicare, you can do so during the Medicare Advantage Open Enrollment Period (January 1 - March 31). Before making the switch, ensure that you can secure a Medigap policy, as acceptance is not guaranteed outside the initial enrollment window.

Bridging the Medicare Cost Gap cont'd...

Cost Differences: Traditional Medicare vs. Medicare Advantage

Traditional Medicare typically involves higher upfront costs due to Medigap and Part D plan premiums, but offers more comprehensive coverage with fewer restrictions on provider access. Medicare Advantage plans, while often having lower or no monthly premiums, come with higher out-of-pocket costs when healthcare services are needed.

For instance, in 2024, the average out-of-pocket maximum for Medicare Advantage PPO plans ranged from \$9,000 to \$14,000, depending on network usage. In comparison, a Medigap Plan G policy, covering nearly all out-of-pocket costs except the \$257 Part B deductible, could cost around \$4,800 per year—often providing better long-term cost protection.

Making the Right Choice

The best Medicare option depends on your budget, healthcare needs, and provider preferences. If flexibility and predictable costs are priorities, Traditional Medicare with a Medigap plan may be the best fit. If lower monthly premiums and all-in-one coverage are more appealing, a Medicare Advantage plan could be a better choice—though it comes with higher cost variability.

Understanding these trade-offs will help you make informed decisions about your Medicare coverage and long-term financial security. If you need assistance reviewing your options, reach out to a trusted Medicare advisor to ensure you have the best coverage for your needs.

APRIL

Word Search



- GREEN
- BASEBALL
- BUTTERFLY
- PLANTS
- GARDENING
- EGGS
- CHICKS
- SPRING
- RAINBOW
- TULIPS
- EASTER
- RAIN
- RABBIT
- GROWING
- FLOWERS
- BLOSSOMS

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



Upcoming MO Medicare 101 Workshops

**St. Louis County Library
Clark Family Branch**

1640 South Lindbergh Blvd.
St. Louis, MO 63131

- April 14th at 6:00pm

**St. Louis County Library
Grant's View Branch**

9700 Musick Ave.
St. Louis, MO, 63123

- April 15th at 6:00pm

**St. Louis County Library
Thornhill Branch**

12863 Willowyck Dr.
St. Louis, Missouri 63146

- April 17th at 5:30pm

**St. Louis County Library
Daniel Boone Branch**

300 Clarkson Rd.
Ballwin, Missouri 63011

- April 22nd at 3:30pm

**St. Louis County Library
Mid-County Branch**

7821 Maryland Ave.
Clayton, Missouri 63105

- April 23rd at 3:30pm

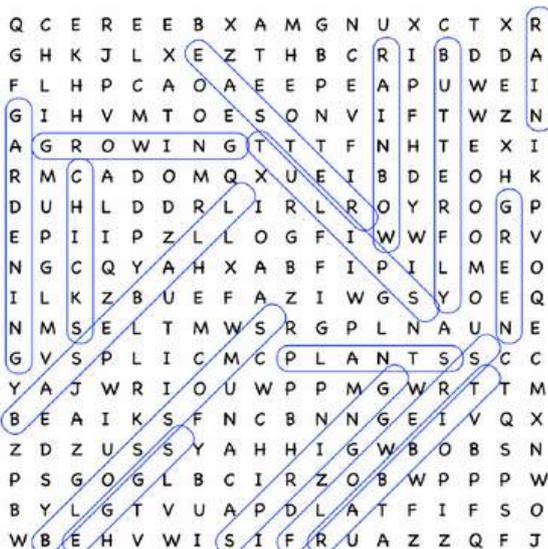
Seating is Limited!

Register Here:

usamedicare101.org/ADL



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



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