



THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter



Welcoming Summer: Staying Informed and Prepared

By Anne de Leon



June marks the start of summer, a season often associated with longer days, a slower rhythm, and opportunities to refocus on both personal well-being and long-term planning. As routines shift and schedules open up, it can be a good time to take stock of everyday choices that support comfort, stability, and peace of mind.

This time of year also brings timely considerations, from managing rising household costs to understanding updates that may affect health coverage and retirement income. Staying informed helps turn uncertainty into clarity and supports more confident decision-making. Taking small steps now can help ease future transitions and reduce stress over time. Even modest awareness can have a meaningful impact when it comes to planning ahead.

In this month's newsletter, we share practical insights, seasonal ideas, and important information designed to help you stay engaged, informed, and prepared for the months ahead.

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The Most Popular Annuities, Explained

Imagine a retirement product that can grow when the stock market rises, limit losses when the market falls, and later provide income for life. That combination helps explain the growing interest in investment-linked annuities.

Sales of these annuities increased significantly in 2024 and continued to rise in 2025. They now make up more than half of all annuity sales in the United States. However, these products are not suitable for everyone. Their fees can be difficult to understand, their rules may be confusing, and withdrawals are often restricted for years. In addition, commissions associated with annuities can sometimes influence how they are recommended.

Here is an overview of how these annuities work, their potential benefits, and their drawbacks.

How annuities work

Annuities are insurance products designed to provide income, often for life. Traditional income annuities work in a straightforward way. In exchange for a lump sum, the insurer agrees to pay a fixed amount on a regular schedule, usually monthly, for as long as you live. Payments are based on factors such as age, interest rates, and life expectancy. Stock market performance does not affect these payouts.

Investment-linked annuities differ because their value and potential income depend partly on market performance. These products are often used in two stages. First, they may help grow retirement savings over time by capturing some market gains. Later, the owner can choose to convert the annuity into income, take withdrawals, or leave funds to beneficiaries.

Many people who plan to generate income from these annuities purchase an optional feature, often called an income rider. This rider guarantees a minimum level of income in the future and may allow that income amount to increase if markets perform well.

There are three main types of investment-linked annuities.

Fixed-index annuities

Fixed-index annuities protect the original investment from market losses, but place a limit on gains. If the linked market index declines, the annuity value does not decrease. If the index rises, gains are credited only up to a stated limit.

For example, if an annuity has a gain cap of 10 percent and the linked index rises more than that, the credited return is limited to the cap. These limits help fund the downside protection but can significantly reduce growth during strong market years.

Registered index-linked annuities

Registered index-linked annuities also track market indexes, but they allow for higher potential gains than fixed-index annuities. In exchange, they expose the investor to some downside risk.

Losses are usually limited by a buffer or protection level. If the index declines within that range, the annuity value does not fall. If losses exceed the buffer, the investor absorbs the remaining decline. Once lifetime income begins, however, market losses generally do not reduce the guaranteed base income.

Current Annuity Rates June 2026

6.45%

3 Year Fixed Annuity

6.00%

5 Year Fixed Annuity

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

The Most Popular Annuities cont'd...



Variable annuities

Variable annuities allow investors to choose from a range of investment options, similar to mutual funds. These investments rise and fall directly with the market, and there is no built-in protection against losses on the account value.

Income riders are commonly added to variable annuities. These riders guarantee a minimum level of lifetime income once withdrawals begin, even if the underlying investments lose value. Income may increase if investments perform well, but it will not fall below the guaranteed amount as long as withdrawal rules are followed.

What happens when income begins

If an annuity includes a guaranteed income rider, the account typically remains invested after income payments start. In some cases, income payments may rise if the account value increases. Taking withdrawals above the guaranteed amount usually reduces or eliminates future guarantees.

Without a rider, an owner may convert the account into a traditional income annuity. In that case, payments are based on the lump sum, age, life expectancy, and interest rates. Once converted, the original balance generally cannot be accessed or reclaimed.

Potential downsides

Variable annuities can be especially expensive. They often include multiple layers of fees, such as insurance charges, investment management fees, and income rider costs. Together, these expenses can substantially reduce long-term returns compared with lower-cost investment options.

Liquidity is another concern. Most annuities include surrender periods that can last several years.

Withdrawing funds during this period often triggers penalties and can reduce future income guarantees.

Questions to ask before buying

Before purchasing an annuity, it is important to ask detailed questions. First, determine whether you actually need one. Any recommendation should be based on your income needs, other assets, and long-term goals.

Second, consider how much to invest. Annuities are typically only a portion of a retirement strategy. Tying up too much money can limit flexibility, especially for emergency expenses. Keep in mind that Social Security already provides a form of guaranteed lifetime income.

Finally, ask how many annuity providers and types the adviser works with. Limited product access may restrict options or lead to higher costs. Understanding these boundaries can help you evaluate recommendations more carefully.



Enjoying the Summer Season: Activities That Make the Most of Longer Days

Summer offers more daylight, warmer temperatures, and plenty of opportunities to try something new or revisit favorite pastimes. Whether you prefer being active, creative, or social, there are many ways to enjoy the season at your own pace.

Get outside and enjoy fresh air

Spending time outdoors is one of the simplest ways to enjoy summer. Walking in a local park, along a shaded trail, or near the water can be both relaxing and energizing. Morning or early evening walks are often more comfortable in warmer months and provide a chance to stay active without overdoing it.



Stay active in enjoyable ways

Summer is a great time to explore low-impact activities that keep you moving. Swimming or water exercise classes are easy on the joints and help with strength and flexibility. Many community pools offer open swim hours that allow people to move at their own comfort level.



Try something creative

Longer days can be a good time to revisit creative interests or try a new hobby. Painting, photography, writing, or crafting can be done both indoors and outdoors depending on the weather. Photography, in particular, pairs well with summer scenery and can be enjoyed during walks, day trips, or even in your own backyard.



Cooking with seasonal ingredients is another creative outlet. Summer fruits and vegetables offer fresh flavors and simple meal ideas. Trying a new recipe or hosting a casual meal with friends can make cooking more social and enjoyable.

Connect with others

Summer lends itself to relaxed social time. Meeting friends for coffee, attending outdoor concerts, or joining a book or walking group are easy ways to stay connected. Many communities host free or low-cost events such as farmers markets, art shows, and movie nights in the park.



Take short trips or explore nearby places

You do not have to travel far to feel like you are on a getaway. Day trips to nearby towns, beaches, or nature areas can break up routines and offer something new to explore. Packing a picnic or visiting a local attraction you have not been to in years can make an ordinary day feel special.



Focus on balance and enjoyment

Summer activities do not need to be busy or structured. Reading outside, listening to music on the porch, or simply enjoying a quiet afternoon can be just as refreshing as a packed schedule.

The season is about enjoying longer days in a way that fits your interests, energy level, and lifestyle. Whether that means staying active, getting creative, or relaxing with good company, summer offers plenty of opportunities to enjoy everyday moments a little more.

Enjoy

5 Smart Ways to Lower Your Water Bill

Older adults are facing rising prices for everyday essentials such as food, health care, housing, and transportation. While many household costs feel outside your control, water use is one area where small changes can make a meaningful difference.

The average monthly water bill reached \$56.56 in 2025, a five-year high and a 6 percent increase from the year before, according to utility industry researchers. One contributing factor is aging infrastructure, which requires costly maintenance and upgrades that are often passed on to customers through higher rates. With that in mind, here are several practical steps that can help reduce household water use and keep bills in check.

1. Practice water-saving habits indoors

Simple daily habits can significantly reduce water consumption. Turning off the faucet while brushing your teeth or shaving can save one to two gallons of water per minute. Shortening showers by even a few minutes can save several gallons each time.

Using a dishwasher instead of hand-washing dishes is usually more water-efficient. Letting the faucet run while washing dishes can waste around 10 gallons of water in just five minutes. Garbage disposals also use water, about two gallons per minute, so scraping food into the trash or compost bin before washing dishes can help reduce usage.

Washing clothes and running the dishwasher only when you have full loads is another effective way to conserve water. Reviewing your monthly water bill is also important, since unexpected increases may signal leaks or other issues.



2. Check for leaks regularly

A small leak can waste more water than most people realize. Household leaks can account for thousands of gallons of water lost each year.

Check faucets, pipes, and visible plumbing for drips, moisture, or water stains. Many faucet leaks can be fixed by replacing worn washers or cartridges, which are inexpensive parts. Toilets are another common source of hidden leaks. A trick is to add a few drops of food coloring to the toilet tank and waiting about 30 minutes to help identify a problem. If color appears in the bowl without flushing, the flapper seal may need to be replaced.

Be sure to inspect bathrooms or sinks that are used less often, as leaks may go unnoticed in those areas. Outdoor faucets should also be checked periodically. If you see wet spots under sinks or along pipes, that could indicate a more serious plumbing issue that may require professional attention.

3. Maintain your water heater

Water heating affects both water and energy use. If it takes a long time for hot water to reach your faucet, more water is wasted while you wait.

Flushing your water heater once a year can remove sediment buildup and help the unit operate more efficiently. Proper maintenance may also extend the lifespan of the appliance and reduce unnecessary water use.

5 Smart Ways to Lower cont'd...



4. Reduce outdoor water use

Outdoor watering can be a major source of water consumption, especially in warmer or drier regions. If you have a sprinkler system, adjusting watering schedules to account for rainfall and weather conditions can prevent overwatering.

Watering lawns and plants in the morning is generally more effective, since cooler temperatures reduce evaporation. Adding mulch around plants and garden beds can also help retain moisture, which means less frequent watering is needed.

5. Choose water-efficient fixtures and appliances

Older plumbing fixtures often use more water than newer, efficient models. Toilets installed before the early 1990s typically use significantly more water per flush than current standards allow.

Water-efficient toilets, showerheads, and faucets can reduce water use without sacrificing performance. For example, efficient toilets can save thousands of gallons of water each year for an average household. Low-flow showerheads, faucets, and aerators can also reduce daily water use and are relatively inexpensive upgrades.

When replacing large appliances such as washing machines or dishwashers, choosing models designed for efficiency can lead to long-term water savings. These appliances typically use less water per load compared with older models.

Mitra, M. (2026, April 23). Learn how to lower your home's water bill. AARP.

Medicare Advantage Overpayments Raise Premiums and Reduce Social Security Benefits

Higher payments to Medicare Advantage plans are contributing to rising Medicare Part B premiums and reducing net Social Security benefits for many beneficiaries, according to recent analyses of Medicare spending.

Medicare pays private Medicare Advantage plans more per enrollee than it would spend to cover the same individuals under original Medicare. Estimates show spending is roughly 20 percent higher per enrollee, totaling tens of billions of dollars each year.



Why payment levels matter

Those higher payments increase overall Medicare spending, which in turn affects Part B premiums. By law, Part B premiums are set annually to cover about 25 percent of expected program costs, with higher-income beneficiaries paying more. As Part B spending rises, premiums increase for most enrollees.

Because Part B premiums are typically deducted directly from Social Security benefits, higher premiums reduce the amount beneficiaries actually receive each month.

Medicare Advantage Overpayments cont'd...

Recent projections estimate that excess payments to Medicare Advantage plans increased Part B premiums by nearly \$18 per enrollee per month in 2025. Original Medicare beneficiaries absorbed a significant portion of those added costs even though they did not enroll in Medicare Advantage plans.

Differences in how Medicare pays plans

Original Medicare generally pays providers for each service delivered. Medicare Advantage plans, by contrast, receive a fixed monthly payment per beneficiary to cover all care, regardless of how many services the person uses.



According to the Medicare Payment Advisory Commission, higher Medicare Advantage payments are driven mainly by two factors:

- Favorable selection, which occurs when healthier individuals are more likely to enroll in Medicare Advantage plans.
- Coding intensity, often referred to as upcoding, where insurers report a higher number or greater severity of diagnoses, leading to increased payments.

Changes to Medicare's risk adjustment system have narrowed the payment gap somewhat in recent years. Even so, Medicare Advantage enrollees are still projected to cost more to cover than similar beneficiaries in original Medicare.

Potential long-term effects

If the current payment structure remains unchanged and Part B spending continues to grow, projections suggest that the additional premium burden could rise substantially over the next decade. That would place added pressure on beneficiaries who rely heavily on fixed incomes.

Since most Part B premiums are deducted from Social Security checks, increases in Medicare premiums effectively reduce take-home Social Security benefits. Analysts note that sustained premium growth can gradually erode the purchasing power of those benefits over time.

Broader Medicare financial concerns

Concerns about Medicare Advantage payments come amid wider discussions about Medicare's long-term financial outlook. The Medicare hospital insurance trust fund, which pays for inpatient hospital services under Part A, is projected to face funding shortfalls in the early 2030s.

Rising enrollment, increased use of medical services, and health care inflation are expected to drive Medicare spending higher in the coming years. At the same time, the ratio of workers paying into the program compared with beneficiaries continues to decline.

Weighing benefits and tradeoffs

Medicare Advantage plans now cover more than half of all Medicare beneficiaries. These plans often include limits on annual out-of-pocket costs and may offer additional benefits such as dental, hearing, and vision coverage. However, they typically rely on provider networks and may require prior authorization for certain services, which can limit flexibility for some enrollees.

As Medicare spending pressures grow, policymakers and analysts continue to evaluate ways to balance beneficiary affordability, plan payments, and the long-term sustainability of the program.

UPCOMING MO MEDICARE 101 WORKSHOPS

<u>St. Louis County Library – Mid-County Branch</u> 7821 Maryland Ave. Clayton, Missouri 63105	Tuesday June 23rd 6:00pm
<u>St. Louis County Library – Bridgeton Trails Branch</u> 3455 McKelvey Rd. Bridgeton, MO 63044	Wednesday June 24th 6:00pm
<u>St. Louis County Library – Daniel Boone Branch</u> 300 Clarkson Rd. Ellisville, MO 63011	Thursday June 25th 3:30pm
<u>St. Louis County Library – Grant’s View Branch</u> 9700 Musick Ave. St. Louis, Missouri 63123	Monday June 29th 6:00pm
<u>St. Louis County Library – Clark Family Branch</u> 1640 South Lindbergh Blvd. St. Louis, MO 63131	Tuesday June 30th 6:00pm

Space is Limited!
Register Today:
usamedicare101.org/ADL



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

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