

SOCIAL SECURITY, RETIREMENT & LONG-TERM CARE PLANNING: HELPFUL HINTS



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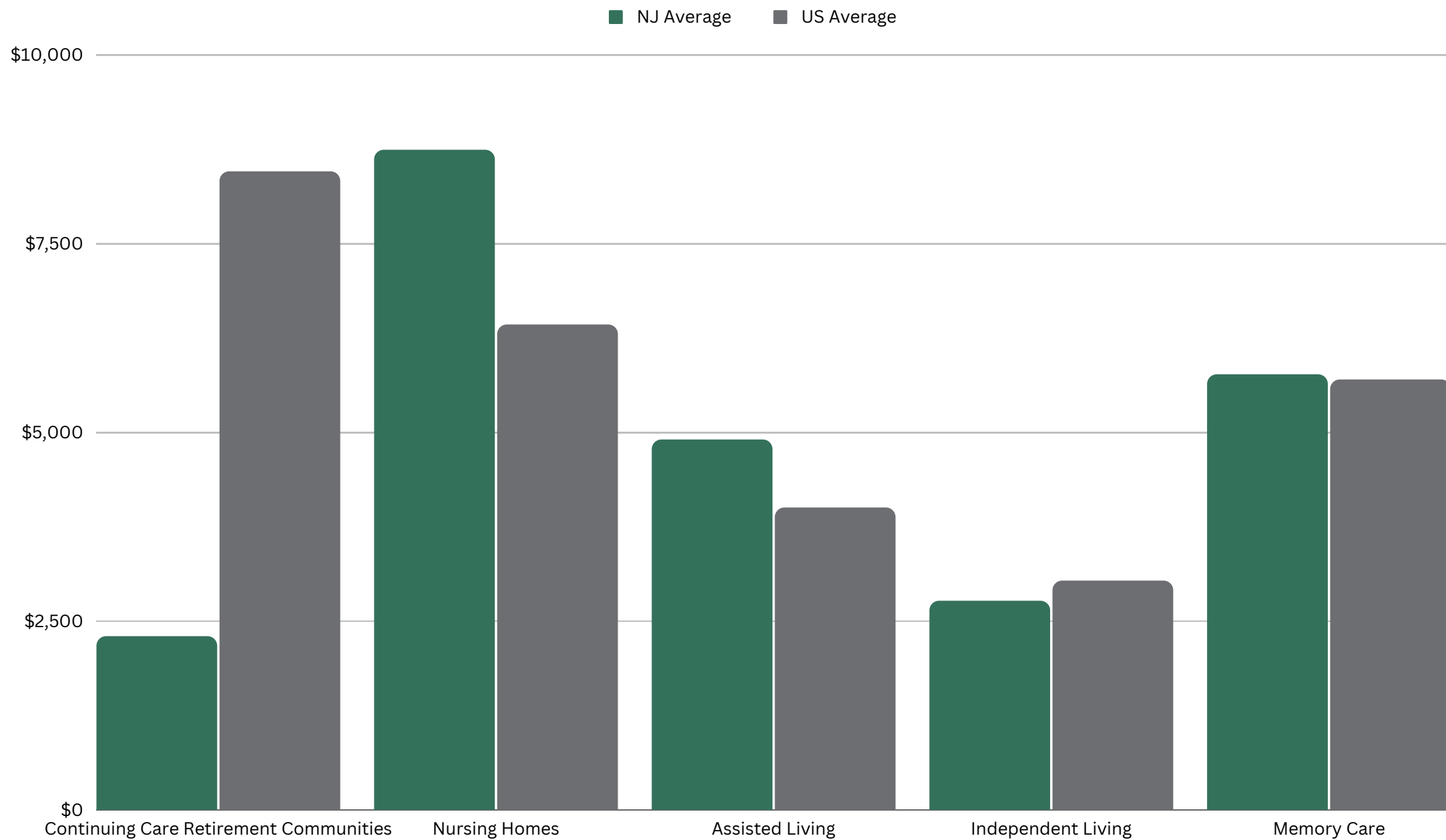
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New Jersey Retirement



Senior Living Options in New Jersey from Careing.com

Average Cost of Continuing Care Retirement Communities

(25 communities)

Less than the National Average

Average Cost of Nursing Homes

(368 communities)

More than the National Average

Average Cost of Assisted Living

(266 communities)

More than the National Average

Average Cost of Independent Living

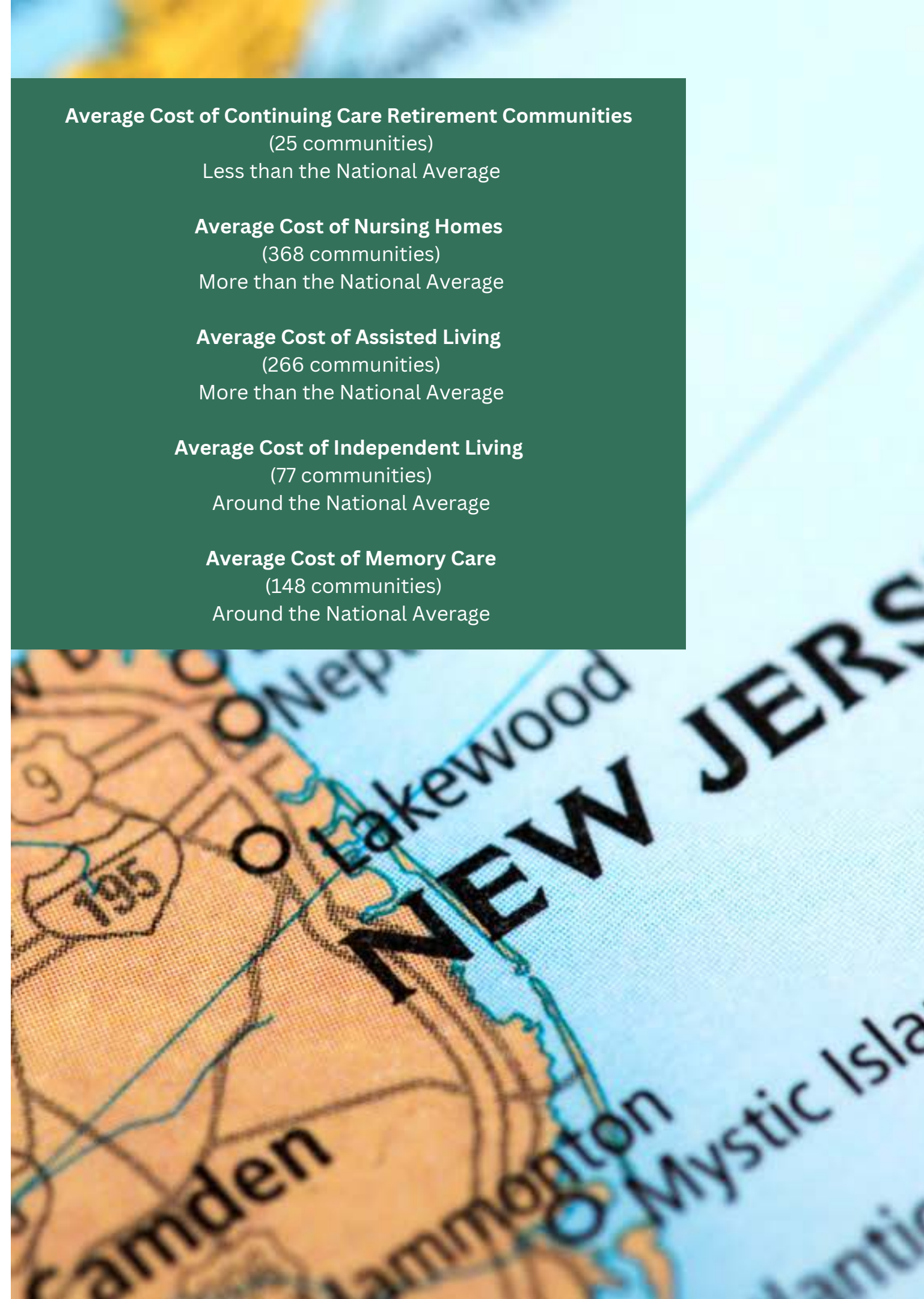
(77 communities)

Around the National Average

Average Cost of Memory Care

(148 communities)

Around the National Average



New Jersey Overall Retirement Considerations

Primary Care Physicians For Every 100,000 People

85 for every 100,000 people
U.S. Average: 77

More than the National Average

Patient satisfaction

67.3% of patients are satisfied
U.S. Average: 72.26%

Around the National Average

Housing costs

\$1,859 per month
U.S. Average: \$1,171

More than the National Average

Crime rate

199 crimes per 10,000 people
U.S. Average: 282

Less than the National Average

Drinking water quality

13.26% of people are exposed to violations
U.S. Average: 2.96%

More than the National Average

Regional air quality

4 unhealthy air quality days per year
U.S. Average: 7

Less than the National Average

Traffic congestion

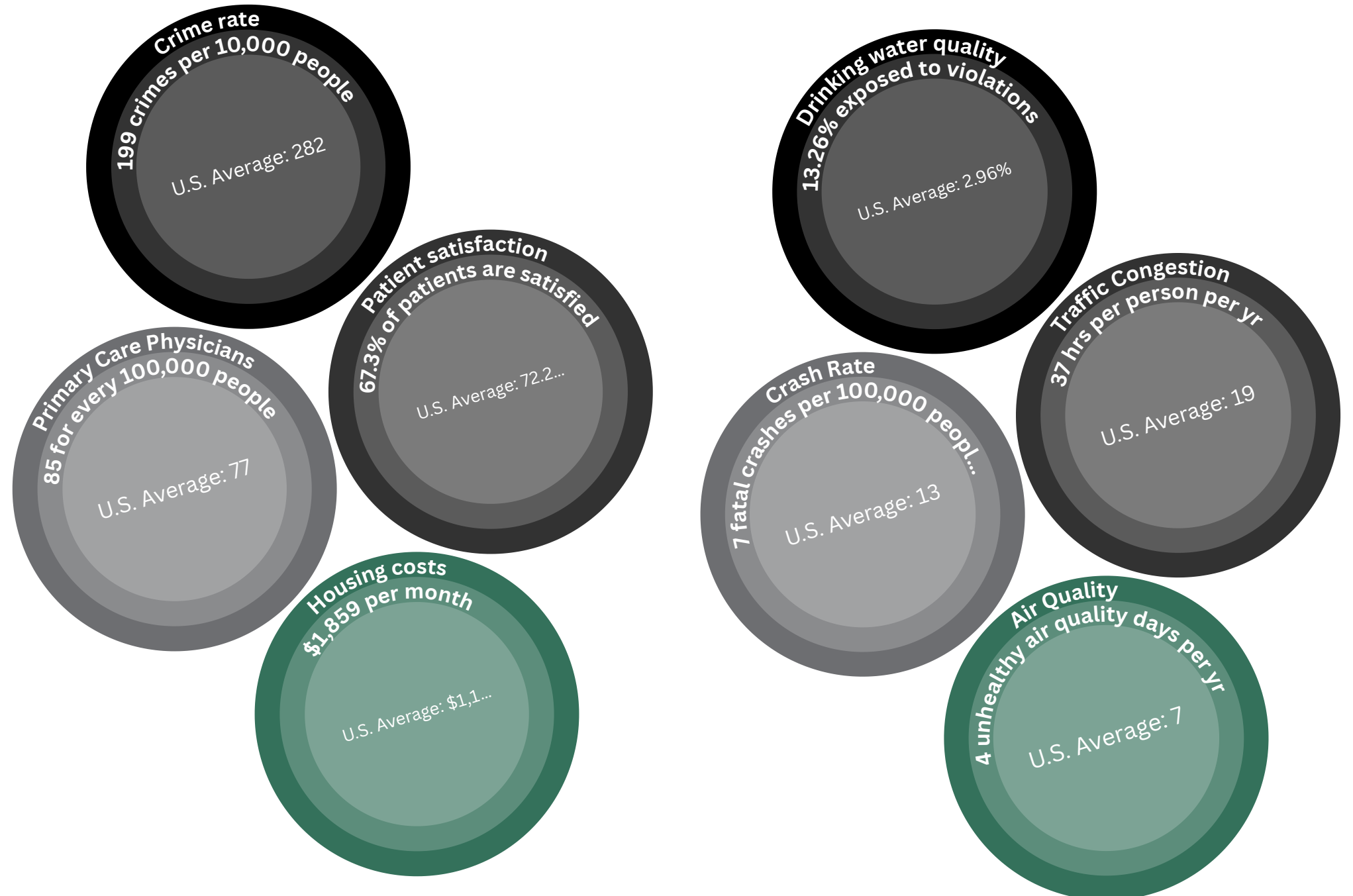
37 hours per person per year
U.S. Average: 19

More than the National Average

Crash rate

7 fatal crashes per 100,000 people per year
U.S. Average: 13

Less than the National Average



Social Security Basic Facts

DEFINITION

A federal insurance program which provides benefits to individuals who are retired, unemployed, or disabled.

FACTS

Signed into law on August 14th, 1935 by President Franklin Roosevelt.
Most commonly known for providing benefits at retirement.

ADDITIONAL BENEFITS PROVIDED

- Disability
- Survivor



Qualifications for Retirement Benefits

- Individuals must be at least age 62 or older in order to begin collecting retirement benefits
- Full retirement age is determined based on the year you were born.
 - This will qualify an individual for their full benefit.
 - If one decides to collect benefits prior to achieving full retirement age (FRA), the benefit will be reduced by 5/9 of 1% for the first 36 months, and 5/12 of 1% every month thereafter.
 - If one decides to delay benefits until age 70, they will receive an annual increase in the amount of 8% per year.
 - Note: There are no additional benefits for delaying benefits past the age of 70.



Full Retirement Age Chart

Year of Birth	Full Retirement Age
1937 and prior	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960	67



Fully Insured


- The two “insured” statuses are “fully insured” and “currently insured”.
- An Individual must be insured under Social Security in order to qualify for retirement, disability, and survivor benefits.
 - In order to be fully insured, an individual must have earned the maximum amount of 40 quarters of coverage between the ages of 21 and 62.
 - 1 quarter of coverage equals \$1,640 (2023) of earnings.
 - One can receive up to a maximum of four quarters of coverage per year.

Currently Insured

- Individuals are considered currently insured if they have accumulated at least six quarters of coverage during the full 13-quarter period.
 - This period ends with the calendar quarter in which the individual either:
 - Dies
 - Recently became eligible for disability benefits, or
 - Became entitled to retirement insurance benefits.
- Note: Those who are currently insured will not be eligible for retirement benefits. However, their spouse and children may be eligible for survivor benefits.



Spousal Benefits



Spouses who are not entitled to benefits on their own working record can collect based on their spouse's earnings record.

- The spouse for whom the earnings record is based on must file before the spouse begins to collect based on their record.
- This benefit is THE HIGHER OF their benefit based on their own working record or 50% of their spouse's primary insurance amount (PIA).
- They may begin to collect their spousal benefit as early as age 62. However, it is recommended to start collecting benefits upon attainment of full retirement age.
 - Note: There will be no 8% annual credit should the spouse delay their spousal benefit beyond their FRA.

Survivor Benefits

	Fully Insured	Currently Insured
Spouse-Full Retirement Age*	100%	N/A
Spouse-Age 60	71.5%	N/A
Spouse-Age 62	81%	N/A
Child < 18 years**	75%	75%
Spouse Caring For Child < 16 years	75%	75%
Dependent parents age 62 or older***	75/82.5%	N/A

In addition to the benefits listed above, a surviving spouse or child of a fully insured deceased individual is eligible to receive a one-time lump-sum payment in the amount of \$255.

* A divorced spouse may be eligible for survivor benefits if he/she was married to the decedent for 10 or more years and did not remarry prior to age 60

** The surviving child will continue to receive benefits upon attainment of age 18 IF they are still in high school

*** Whether dependent parent(s) receive 75% or 82.5% is contingent on whether there is one dependent parent or two



Disability Benefits

- Provided to individuals who are considered to be unable to work as a result of a disability prior to reaching full retirement age.
- To qualify, an individual must have attained the “Disability Insured” status of social security.
 - To qualify, one must have accrued 20 quarters of coverage within the last 10 years.
- The benefits cease once the recipient reaches full retirement age, and begin receiving Social Security retirement benefits.
- Similar to Social Security retirement benefits previously described, certain survivors will qualify for benefits based on the insured’s record.
- In the event that an individual collecting disability benefits passes away, the benefits will continue to be paid to his or her survivors, as shown on the previous slide.



Taxation of Social Security Benefits

Single Individuals

MAGI Threshold	Amount Taxable
\$25,000-\$32,000	50%
\$32,000+	85%

Married Filing Jointly

MAGI Threshold	Amount Taxable
\$34,000-\$44,000	50%
\$44,000+	85%



BENEFITS

WHEN SHOULD ONE BEGIN TO COLLECT BENEFITS?

Factors to Consider

1

RETIREMENT SAVINGS

Individuals who have more in retirement savings can consider collecting benefits after full retirement age

2

OTHER INCOME GENERATED THROUGHOUT RETIREMENT (I.E. PENSION)

Individuals who have other retirement income to support their retirement can consider delaying retirement benefits in order to maximize their benefit

3

LIFE EXPECTANCY

- This may be difficult to determine, however, the best way is via family history
- It is more advantageous for individuals with longer life expectancies to delay collecting benefits until age 70 in order to maximize their benefits cumulatively.

The background of the slide features a collage of Medicare-related documents and cards. In the upper left, there are several Medicare cards with blue and white designs. Below them, there are documents with orange and white borders, some containing dates like '03-01-2017'. In the lower left, a document prominently displays 'HEALTH INSURANCE' in white text on a blue background. To its right, another document shows 'HOSPITAL MEDICAL' in bold black letters. The overall theme is Medicare and health insurance.

MEDICARE

Navigating Medicare



- Medicare is a health insurance program created by the federal government in 1966 to provide coverage to individuals age 65 and older. As of 2021, 63,000,000 individuals were enrolled in Medicare. Of this amount, a little more than 50% were enrolled in traditional Medicare and the balance were enrolled in Medicare Advantage.
- Most individuals must sign up for Medicare upon reaching the age of 65 or risk a penalty for failing to enroll age at 65.
- If you are already receiving social security at the age of 65, you will automatically be enrolled in Medicare.
- If you're not receiving social security at 65, you will have a 7 month window to apply which begins 3 months before your 65th birthday and ends 3 months after.
- Note that individuals who have coverage through a qualifying employer may defer signing up for Medicare beyond age 65 and elect this coverage during a special enrollment period upon retirement.

Medicare Part A

- There are several Parts to Medicare that offer coverage for hospitalization, doctor's visits and drugs, and these are outlined as follows:
 - **Part A** provides hospitalization coverage at hospitals and skilled nursing facilities. It also provides coverage for hospice care as well as some home health care. Provided you have paid Medicare payroll taxes for at least 40 quarters, the premium for Part A is free. If you have less than 30 quarters of coverage the monthly premium will range from \$278-\$506.
 - In 2023, there is a deductible for Part A of \$1,600 along with coinsurance for hospital stays of more than 60 days.



Medicare Part B

- **Part B** provides medical insurance covering costs for doctor's visits, outpatient care and home health care.
- In 2023, the base premium for Medicare Part B is \$164.90 per month. Those individuals with modified adjusted gross income exceeding certain limits may pay higher premiums.
- There is a deductible of \$226 after which you'll cover 20% of Medicare approved expenses. Note this coinsurance may be less if you are enrolled in Medicare Advantage or if you have a supplemental Medigap policy.



Medicare Part C



- **Part C** is known as Medicare Advantage. Unlike traditional Medicare which is administered by the federal government, this coverage provides beneficiaries who elect Medicare Advantage with access to Part A and Part B coverage through private insurers.
- To elect coverage with Medicare Advantage, individuals must continue to pay their Part B monthly premiums.
- Medicare Advantage has become more attractive in recent years because it offers lower premiums and additional benefits such as dental, vision, hearing and prescriptions when compared to traditional Medicare.
- Unlike original Medicare when used with a medigap policy, Medicare Advantage has higher cost sharing such as copays for hospital stays and coinsurance for drugs, so it often becomes more expensive in the event of an extended illness.
- In addition, this coverage restricts individuals to in-network physicians and hospitals, and as a result, does not offer the same flexibility as traditional Medicare.
- Medicare's open enrollment runs from October 15th to December 7th and allows individuals who are enrolled in Medicare the opportunity to switch between original Medicare and Medicare Advantage or to select a different plan within Medicare Advantage.

Medicare Part D

- **Part D** provides an optional standalone prescription drug coverage for those with traditional Medicare coverage. Medigap plans sold after 2005 no longer include prescription coverage.
- The average premium for Part D varies by carrier, plan and the state you live in. The average Part D premium is about \$32 per month in 2023.
- Like Part B, if you are seeking prescription drug coverage, you will want to enroll in this coverage at age 65 to avoid penalties which will increase your monthly premiums.



Medigap

- **Medigap** policies provide supplemental coverage through private insurers to cover expenses that wouldn't otherwise be picked up by Medicare.
- These plans cover most of the coinsurance for Parts A and B, depending upon which Medigap plan you have selected.
- There are currently 10 different Medigap plans sold through private insurers. These plans all offer the same types of coverage, however, the premiums will differ among the various insurers. When compared to Medicare Advantage Plans, Medigap plans have higher premiums, but lower out of pocket costs.



Income Related Monthly Adjustment Amount (IRMAA)

- Another cost associated with Medicare that retirees need to be aware of is the income-related monthly adjustment amount, or IRMMA. This is a surcharge that applies to certain individuals with higher income. In 2023, you will be subject to IRMAA with modified adjusted gross income greater than \$97,000 for single filers or \$194,000 for joint filers. When the IRMMA surcharge is calculated, the Social Security Administration looks at your modified adjusted gross income from two years prior. As such, the IRMAA surcharges for 2023 are based upon 2021 earnings, even if your 2023 income is lower.

2023 IRMAA Brackets

2021 MAGI (single filers)	2021 MAGI (joint filers)	Part B	Part D
\$97,000 or less	\$194,000 or less	\$164.90	Your plan premium
More than \$97,000 up to \$123,000	More than \$194,000 up to \$246,000	\$230.80	\$12.20 + Your plan premium
More than \$123,000 up to \$153,000	More than \$246,000 up to \$306,000	\$329.70	\$31.50 + Your plan premium
More than \$153,000 up to \$183,000	More than \$306,000 up to \$366,000	\$428.60	\$50.70 + Your plan premium
More than \$183,000 up to \$500,000	More than \$366,000 up to \$750,000	\$527.50	\$70.00 + Your plan premium
\$500,000 or more	\$750,000 or more	\$560.50	\$76.40 + Your plan premium

Appealing IRMAA Surcharge



- Individuals may be able to receive relief from the IRMAA surcharge by filing an appeal. If an individual's income is significantly lower than the previous two years, they can contact social security and complete Form SSA-44. To qualify for relief, they must have experienced a life changing event which resulted in lower income such as retirement, divorce, death of a spouse or reduced pension benefits.
- Individuals who find themselves subject to IRMAA will want to consider strategies that help to prevent or reduce this surcharge. Strategies to reduce modified adjusted gross income include tax loss harvesting, qualified charitable distributions, and delaying social security to name a few.



LONG-TERM CARE PLANNING AND ASSET PROTECTION



Genworth Long-Term Care Statistics

70% of people age 65 or older will need long term care services.

40% of people currently receiving long term care age 18-64.

Ways to Pay for Long-Term Care



- Private Pay
- Medicare
- Long Term Care Insurance
- Veteran Benefits
- Medicaid

Medicare

Part A covers up to 100 days of “skilled nursing” care after 3 days hospitalization.

DAYS 1-20 COVERED IN FULL

**DAYS 21-100 CO-PAY OF \$200
(2023) PER DAY**





Veterans Benefits

DISABILITY COMPENSATION

- Service Connected
- Compensation based on Rating

PENSION

- Means tested (income and resource test)
- Basic (65), homebound, aid and attendance



Medicaid

MANAGED LONG TERM SERVICES AND SUPPORTS (MLTSS)

- Covers Long Term Care
- Home Care, Assisted Living Facility, and Skilled Nursing Facility

CLINICAL ELIGIBILITY

- 3+ activities of daily living

FINANCIAL ELIGIBILITY

- Income Test
- Resource Test



Medicaid - Income

APPLICANT'S INCOME

Applicant under cap \$2,742 (2023)
If over, must establish Qualified Income Trust

MARRIED COUPLE'S INCOME

Community Spouse's Income not counted.
Minimum Monthly Maintenance Needs Allowance (MMMNA)
- shift income from institutionalized spouse to community spouse

Medicaid - Resources

Resources – yours, mine, and ours

- Real Estate (but what about estate recovery?)
- Retirement Accounts
- Joint Accounts
- It counts unless it is exempt!

Resource Limits

- Applicant under \$2,000
- Both spouse applying under \$3,000
- Community Spouse Resource Allowance (CSRA)
 - $\frac{1}{2}$ of the couples combined resources. Minimum of \$29,724; Maximum of \$148,620 (2023)



Medicaid - Transfers

Transfer of Assets

- 60-month lookback
- Uncompensated Transfers (gifts or unexplained) are added together.
- Penalty period begins to run when applicant is out of money.
- Penalty Divisor is \$384.57 per day or \$11,697.34 per month (04/2023).
 - Example: \$350,000 gift is a 30 month penalty ($\$350,000 / \$11,697.34$)

Asset Protection

- 5-year planning
- Crisis planning





ELDERCARE MANAGEMENT

Care Management

ALCA
8
knowledge
areas



Senior Safe Act



The Act is designed to eliminate barriers financial professionals may face in reporting suspected senior financial exploitation or abuse to authorities and was modeled after Maine's Senior\$afe Program

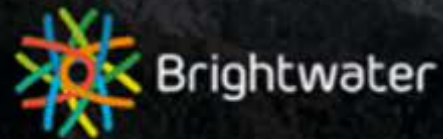
The Senior Safe Act, which became federal law on May 24, 2018, was designed to encourage reporting of financial exploitation of senior citizens

Questions

“

Getting old is like climbing a mountain;
you get a little out of breath,
but the view is much better!

INGRID BERGMAN



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