

Medicare 101: What You Should Know Before Retirement



Medicare—the health insurance plan for people age 65 and older—can play an important role in your retirement plans. The program includes four parts:

Part A covers hospitalization, nursing facility stays, hospice, and home health care.¹

Most people don't pay a monthly premium for Part A.² There is, however, an enrollment penalty for those who are not eligible for premium-free Part A, if they don't sign up when they become eligible.³



Part B helps cover doctor visits, outpatient care, physical therapy, medical equipment, and some home health care services.⁴

Most people who receive Social Security benefits pay a Part B premium depending upon income. Once the deductible has been met (\$183 in 2017), participants pay 20% of the Medicare-approved amount for services and equipment.²

There is also a late enrollment penalty for those who don't enroll when they become eligible; the monthly premium may increase by 10% for each 12-month period that an eligible individual does not enroll. The premium will remain elevated for as long as the person is enrolled in Part B.⁵



Part C is an option known as Medicare Advantage that combines services covered by Parts A and B, and sometimes Part D into a single plan. The plans available are Medicare-approved but offered by private insurers.⁶

Part C premiums vary by plan. They generally have copayments, and eligible doctors and hospitals are usually part of a network.



Part D provides prescription drug coverage. Medicare-approved private insurers offer the available options, so premiums and the cost of drugs varies.⁷

Contact us to learn more about the additional healthcare costs outside of Medicare that you may incur during retirement. ■

¹ Medicare.gov. 'What Part A Covers.' Cited January 26, 2017.

² Medicare.gov. 'Medicare 2017 costs at a glance.' Cited January 26, 2017.

³ Medicare.gov. 'Part A late enrollment penalty.' Cited January 26, 2017.

⁴ Medicare.gov. 'What Part B Covers.' Cited January 26, 2017.

⁵ Medicare.gov. 'Part B late enrollment penalty.' Cited January 26, 2017.

⁶ AARP. 'Medicare Advantage (Also known as Medicare Part C).' Cited January 26, 2017.

⁷ AARP. 'Medicare Prescription Drug Coverage (Also known as Medicare Part D).' Cited January 26, 2017.

What Medicare Doesn't Cover

- ✗ Long-term care
- ✗ Most dental care
- ✗ Routine eye exams
- ✗ Glasses and contacts
- ✗ Care received outside the U.S.
- ✗ Hearing aids
- ✗ Cosmetic surgery
- ✗ Routine foot care
- ✗ Alternative medicine, e.g., acupuncture

Source: U.S. News, A World News Report



What changed in your life last year?

Often, we adapt to the changes in our lives without considering how those changes affect our current and future finances. Meeting with your financial professional each year can help ensure changes are considered as part of your plans for the future.

In addition to discussing life changes, you may want to talk about the following issues during your annual meeting:

- **Savings and investments:** What changed in your portfolio last year? Talk about how your investment and retirement accounts performed and why.
- **Caregiving for children, parents, or other loved ones:** Caregiving may affect your income, ability to save, financial goals, and risk tolerance. All of these can significantly affect your financial plans.

- **Identity theft and protection:** Your financial professional can help set up additional safeguards for your investment accounts and may be able to recommend steps you can take to help protect yourself.
- **Moving, changing jobs, marriage, divorce, or loss of a loved one:** Big life changes often make it necessary to modify beneficiary forms and other estate planning documents.
- **Market performance:** When stock, bond, or other markets move significantly higher or lower, it can shift your asset allocation to a more or less aggressive position. Reallocation may be necessary.
- **Taxes:** It's a good idea to talk with your financial, legal, and/or tax professionals about how those changes may affect your financial goals and estate plans.

It is critical to speak with us each year to help make sure you're on the right track. ■

None of the information in this document should be considered as tax or legal advice. Tax and legal services are not offered through Lincoln Investment. You should consult your tax advisor or attorney for information concerning your individual situation. Asset allocation does not guarantee a profit or protect against loss.

