

Cover Letter for November 19, 2013 Business Meeting

Topics: Social Security, Medicare, Island 65

Guest Speakers:

Merri P. Ciano from LISEC; Long Island Senior Education Council, a not-for-profit learning and resource organization.

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Alan Kaplan from Island Group Administration

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Merri Ciano discussed the following:

1. Affording Health Care, Preserving Assets and paying Less Taxes. She explained how your income and assets affect what you pay for Medicare Part B and briefly, how Medicaid uses your assets (not just income) to determine eligibility.
2. The pros and cons of taking Social security at 62 as opposed to waiting until full retirement age.
3. The 22 planning points of interest that can prove critical to your financial independence.

Alan Kaplan discussed Island 65, a plan that was created by the district for those retirees who would lose regular IGA coverage at some point in the future based on their retirement stipulation. According to Ron Gross Island 65 has not been negotiated out of the contract therefore it should still be available to those retirees who wish to purchase it when their regular coverage expires.

If you are one of those retirees that have been or will be affected it may be worth looking into a plan that one of our members has and is very happy with. The biggest advantage of her plan is the premium. Island 65 was costing her \$400 a month. Her new plan is only \$50 per month, and it has either a PPO or HMO option and it includes dental. Below are the details on that plan.

The plan is a Medicare Advantage and Part D-- Empire Blue Cross Medi Blue Freedom 1 PPO

Agents name--- Chris Demers MBA

Phone # 631- 356- 9090

He holds a variety of seminars on the south shore to discuss the plan. Folks can call him to find out where he is holding the talks.



medicare

Empowerment Through Education

GET EMPOWERED...

Care coordination will affect your investments, tax returns and estate planning.

Care coordination affects your future!

The Long Island Senior Education Council is a not-for-profit 501(c)3 learning and resource organization. Life is complicated enough. LISEC is proud to assist you in answering questions about New Laws, Changing Trends and Long Term Care Options.

Law updates that affect you:

- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003
The Pension Protection Act of 2005
The Deficit Reduction Act of 2006
Patient Protection and Affordable Care Act of 2010
You should know about these laws and who you elected to pass them. You have the power to change future laws! See how laws affect you...

Essential legal documents you need:

- Power of Attorney
Health Care Proxy
Living Will
Estate Will

In September of 2009 and 2010 new Power of Attorney laws were established. Make sure your documents meet certain standards.

Does your Power of Attorney have:

- The right for your representatives to gift to themselves
The right for your representatives to receive reasonable compensation
The right to have a third party monitor

These important rights may help you better preserve your assets if you should need long term Medicaid care.

Review your documents periodically!

Medicare- The Basics

- Medicare Parts A- Hospital coverage
Medicare Parts B- Doctors, labs
Medicare Parts C- Advantage plans
Medicare Parts D- Drug coverage

Supplemental Plans / Medigap

Each part of Medicare has costs associated with it. Understanding Medicare costs and its benefits has become an important part of the planning process.

Visit www.Medicare.gov for more information

Medicaid- The Basics

Your ASSETS may be at risk.

January 2013 Asset Limits: \$14,400 Individual / \$21,150 couple

Your INCOME may be at risk.

Home care monthly Income Limits:

\$820 individual / \$1195 couple

Well Spouse Limitations:

\$115,920 Assets / \$2,898 Monthly Income

Types of Medicaid:

Community Care-Home Care,

Lombardi Home Care and Long Term Care Nursing Home Care

Your Assets & Income may be at risk if you or your spouse needs long term care. Plan in advance, your options are limited the longer you wait.

VA Aide and Attendance Pension Benefit

This benefit has enabled the Veteran and Spouse to each receive a supplement to offset the costs of home care or assisted living. The Veteran & Spouse's combined net worth and income generally cannot exceed \$80,000 to qualify (personal residence is exempt).

*Certain conditions apply.

Max Benefits: \$1,645 Qualified Veteran / \$1,057 Surviving Vet spouse

Visit www.va.gov for more information.

Simple Facts You should Know:

- Most people want to stay in their own home to receive long term care. However, most people are unprepared and they underestimate the costs. Stress becomes a big factor.
Retirement income & distribution planning, tax planning and estate asset preservation planning are very different from health care coordination planning.
A long term care policy may offer only limited benefits and often it is not enough to support care needs on its own. Other benefits such as Medicaid or the VA Aide and Attendance Pension Benefit may also be need to be considered.
There are more women Medicare beneficiaries than men, and of them, most are also dual eligible. (They qualify for both Medicare & Medicaid- living in poverty.)
Your tax return can determine how much you will pay for Medicare premiums.

Education holds the key to making confident decisions.

Get the facts...

Get Empowered!

LISEC believes,

Knowing the right information at the right time saves money.

The Long Island Senior Education Council, a 501(c)3 learning and resource organization.

LISEC offers on-going educational support.

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Care Coordination: Myths and Truths...

	Truth / Myths
1. Medicaid can seek assets from your estate to recover money if you needed long term care	Truth
2. Living benefit annuities may hinder Medicaid eligibility if you should need long term home care	Truth
3. A lump sum payout from a reverse mortgage does not affect Medicaid	Myth
4. Medicaid home care offers four hours daily on average	Truth
5. An IRA is fully protected from Medicaid	Myth
6. Tax exempt income is exempt from Medicaid resources	Myth
7. A Community (well) spouse's income is considered if the ill spouse needs Medicaid	Truth
8. The VA Aide and Attendance Pension benefit does not have a "look-back" period like Medicaid	Truth
9. The income reported on your tax return can affect how much you pay for health care	Truth
10. Life insurance is not a countable resource for Medicaid	Myth
11. Gifting assets to someone other than a spouse may prevent you from receiving Medicaid long term care	Truth
12. Medicare pays for long term home care	Myth
13. Each year, seniors need to review their Medicare plans	Truth
14. Medicare Parts B & D are voluntary and there are no penalties if you did not take them when you were eligible.	Myth

What you need to do

- Create your "Support Teams" and make sure your legal documents are in order
- Establish annual Support Team meetings to review new laws and economic trends that may affect you
- Practice "self-education" —taking on the responsibility of learning
- Ask questions and find the resources that can help you achieve your goals

What LISEC can do to help you

- Provide on-going educational support
- Help you to establish your Family and Professional Support Teams
- Assist you in establishing your annual Support Team meetings
- Provide information and resources to enable you to make confident decisions

The Long Island Senior Education Council does not solicit and cannot provide specific legal, tax or investment advice. We provide research information and resources specific to your situation to better enable you to meet your goals. LISEC offers adult small group education classes, personalized educational conferences and local library educational workshops. Please feel free to call us with your questions.

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For more information, please call us at (631) 665-7057 or visit our www.LIseniorEducation.org
Donations are tax deductible*



LISEC

Empowerment Through Education

Affording Healthcare, Pres

LISEC provides education and

The Long Island Senior Education Council provides educational information, resources and referral services to help retirees and those hoping to retire.

We understand that assessing specific needs and providing information that relates to your particular situation is key. Our team of advocates, planners and healthcare coordinators are dedicated to educate retirees on how they can afford healthcare, preserve assets and pay less taxes.

Services:

- Educational workshops
- Personalized educational conferences
- Website interaction
- Resource information
- Newsletters and current law updates
- Support team development
- Got Power Program: Notarizing your Power of Attorney and Healthcare Proxies

LISEC believes in empowerment through education. We offer ongoing educational resources and have developed the process of "Financial-Healthcare Coordination" to assist you in coordinating your finances to afford healthcare.

LISEC provides the research and education you can trust so you can make confident decisions.

For more information, please visit:

www.LIseniorEducation.org

or call us at 631-665-7057

LISEC works with individuals and other professionals to provide answers to your difficult financial and healthcare questions. From coordinating legal documents, healthcare and pension benefits to tax saving strategies, long term care and asset preservation, our resourceful approach to the education process has proven to be successful.

LISEC's "Planning Points" Program offers insight to the many essential tools you need to plan for your future.

We have defined **22 planning points of interest** that can prove critical to your financial independence:

1. Power of Attorney
2. Healthcare Proxy
3. Living Will
4. Estate Will
5. Revocable Living Trusts
6. Irrevocable Trust
7. Life Estate
8. Estate Planning & Credit Shelter Trusts
9. Special Needs Trust
10. Pre-Needs Trust
11. Gift Planning & 529 Planning
12. Medicaid: Community Care, Lombardi and Nursing Home Care
13. DRA Compliant Promissory Note / Half-Loaf Rule
14. Spousal Refusal and Family Contracts
15. Asset Allocation:
Retirement, Estate and Medicaid Planning
16. IRA Preservation & Income Distribution Planning
17. Veteran's Pension & Life Insurance
18. Long Term Care Insurance
19. Reverse Mortgage
20. Medicare Coordination: Know Your A, B, C & D's
21. Healthcare Tax Planning
22. Income Tax Planning



Social Security

GET EMPOWERED...

*Social Security affects your retirement.
Understanding your benefits is essential.
You have to Plan ahead to Get ahead!*

Empowerment Through Education

The Long Island Senior Education Council is a not-for-profit 501(c)3 learning and resource organization. Life is complicated enough. LISEC is proud to assist you in answering questions about New Laws, Changing Trends and Long Term Care Options.

Planning for retirement may not be easy, especially when it comes to making a decision about when to receive Social Security benefits. Often people find there is confusion and misconceptions that can lead to costly mistakes. LISEC has outlined a few considerations if you are nearing retirement.

Social Security - The Basics

Anyone who has paid into Social Security for at least 10 years is eligible for a benefit. The benefit calculation is based on 35 years of earnings. However, if you worked for only 10 years, your benefit will include 25 years of zero earnings to total 35 years which on the average reduces your benefits. If you worked more than 35 years, the *highest* earning years will be calculated.

If you start receiving your benefits early, at age 62, your Social Security benefits will be permanently reduced by 25%. Waiting until you reach full retirement age (FRA) will increase your benefits for the rest of your life. Each year you wait, your benefits grow by 8% until the maximum age of 70 which then increases benefits with inflation.

× **Full retirement age (FRA)** is 66 for anyone born between 1943 & 1954. **Full retirement age (FRA)** for anyone born between 1955 & 1959 is 66 plus a few months. Anyone born after 1960, their FRA is age 67. You can log on to the Social Security website and use the retirement benefit calculator to determine your benefits. See www.ssa.gov

If you or your spouse is under FRA and still work, benefits can be affected by the **retirement earnings test**. The wage income limit for 2013 is \$15,120 at which point \$1 of benefit is deducted for every \$2 of wages/earnings over the limit. In the year of obtaining FRA, your benefits are reduced by \$1 of benefit for every \$3 of earnings if your income exceeds \$40,080 but only up to the month you reach your full retirement age (FRA). After you reach your FRA, there are no further limitations to benefits. Spousal benefits can also be affected by the retirement earnings test.

Spousal Benefits

Even if your spouse never worked, they still can be eligible to collect benefits if they are at least age 62 and you are receiving *or* eligible to receive Social Security retirement or disability benefits.

Spousal benefits, at FRA, can be one half of your full retirement amount but will be permanently reduced if benefits are collected between age 62 and their FRA. Divorced spouses, after being divorced for two years, can also collect under your benefits if you were married for at least 10 years, was not remarried before age 60 and they have reached age 62 before collecting. A divorced spousal benefit does not affect you or your new spouse's benefits if you are remarried.

Spouses have a choice: If the spouse was working, they can collect under their own record or they can collect using a **spousal add-on benefit**—which ever is higher.

Another option for the spouse is **at FRA** to collect using the spousal benefit and then at age 70, they can switch to using their own record which would have grown by the **delayed retirement credits** (currently increasing benefits by 8% per year). Spousal benefits do not accumulate using delayed retirement credits but rather increase with inflation.

Survivor Benefits

If you have been widowed and have children, the children (under the age 18) can receive 75% of their deceased parent's **Primary Insurance Amount (PIA)** even if the worker did not have enough retirement credits. The benefits are based on the earnings of the worker—limited to a **family maximum**. If the child is under age 16, the surviving spouse may also get benefits within limitations.

Surviving spouses can receive benefits based on their age and the earnings of the deceased worker. A **widows benefit** can start at age 60 (age 50 if disabled). The amount would be about 71 1/2 percent of your basic amount. If the surviving spouse reaches their FRA, they would be entitled to 100% of your benefit. The surviving spouse *or* child could also qualify for a **lump death benefit of \$255**.

Log on to www.SSA.gov
to find out about your Social Security benefits.

Simple Facts You should Know:

- ◆ Medicare and Social Security costs will soar as 10,000 people per day turn age 65 for the next 17 years, adding 30 million American senior citizens into the social programs.
- ◆ By 2026, the Medicare trust fund could be exhausted. Currently its outflows exceed its income. Social Security could be exhausted by the year 2033.
- ◆ The national debt interest payments will quadruple by 2024 which will force more cuts to government services and programs.

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Social Security: Myths and Truths...

	Truth / Myths
1. The 1983 Windfall Elimination Provision applies to teachers policemen, firefighters and other government workers in which the employee was not subject to pay Social Security taxes.	True
2. A surviving spouse can receive about 75% of your benefit at any age if they are caring for your child and the child is under age 16 (limits apply). If the child is older, there could be limits to the survivor benefits based on the surviving spouses age.	True
3. At FRA, a spouse can collect benefits under the spousal benefit and later switch to their own work record.	True
4. The spousal benefit does not decrease if taken before the Full Retirement Age (FRA)	Myth
5. You should take your social security benefits as early as possible	Myth
6. If you wait until your Full Retirement Age (FRA) you will receive more benefits	True
7. If your Social Security benefit is adjusted due to the retirement earnings test, the spousal benefit can be affected	True

Taxes and Social Security: *under FRA*

Your Social Security benefits will be taxed if your "modified" income is:

Individual-	between \$25,000 and \$34,000	social security is 50% taxed, over \$34,001 and social security is 85% taxed
Married Filing Joint-	between \$32,000 and \$44,000	social security is 50% taxed, over \$44,001 and social security is 85% taxed

Four Essential Legal Documents You Need:

(1) Power of Attorney (2) Health Care Proxy (3) Living Will (4) Estate Will

In September of 2009 and 2010 new Power of Attorney laws were established. Make sure your documents meet certain standards. Does your Power of Attorney have:

- The right for your representatives to gift to themselves
- The right for your representatives to receive reasonable compensation
- The right to have a third party monitor
- Social Security requires a Power of Attorney representative to also file a Representative Payee application (form SSA-11)

These important rights may help you better preserve your assets if you should need long term Medicaid care.
Review your documents periodically!

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