



Choosing Medicare is one of the most high-stakes decisions in retirement. How advisors can make sure clients get it right

For most people, signing up for Medicare is a retirement rite of passage.

But as they turn 65 and sort through their Medicare Part A, B, C and D choices, many individuals can also be vulnerable to costly mistakes.

Even done the right way, it's a high-stakes choice. Medicare beneficiaries will need as much as \$400,000 for health expenses per couple, according to 2018 research from the [Employee Benefit Research Institute](#). That is up from \$370,000 in 2017.

"People do feel overwhelmed and baffled by Medicare," said Katy Votava, president of Goodcare.com. "But there are some basic things that an advisor can do."

Watch Enrollment Deadlines

The initial enrollment period runs from three months before someone's 65th birthday to three months after.

If your client misses that date and does not have creditable coverage, they will face a 10% surcharge on their premium for every 12 months that they wait, said Katherine Roy, chief retirement strategist at J.P. Morgan Asset Management.

"It could get quite costly if someone has their mind set: 'Hey, I'm in great shape. I'm not going to insure myself through Medicare, and I'll just sign up when I need it,'" Roy said. "That is a very costly, bad decision to make."

What's more, it's important to note that once they are on Medicare, they can no longer contribute to a health savings account. If they do, they will face a 10% penalty, Roy said.

Medicare Part B premiums 2020

Individual and joint filers

Individual tax filers	Married, file jointly	Adjustment amount	Monthly premium
Up to \$87,000	Up to \$174,000	\$0.00	\$144.60
\$87,000-\$109,000	\$174,000-\$218,000	\$57.80	\$202.40
\$109,000-\$136,000	\$218,000-\$272,000	\$144.60	\$289.20
\$136,000-\$163,000	\$272,000-\$362,000	\$231.40	\$376.00
\$163,000-\$500,000	\$326,000-\$750,000	\$318.10	\$462.70
\$500,000 or more	\$750,000 or more	\$347.00	\$491.60

Married but filing separately

Married, filing separately	Adjustment amount	Monthly premium
Up to \$87,000	\$0	\$144.60
\$87,000-\$413,000	\$318.10	\$462.70
\$413,000 or more	\$347.00	\$491.60

SOURCE: Center for Medicare & Medicaid Services



When It's OK to Delay?

Many clients who do have other health coverage face the same Medicare question: "Do I have to go in at 65 or don't I?" according to Votava.

If a client is employed and their employer health plan meets the right criteria, they can delay signing up for Medicare. That is provided they have not started receiving Social Security retirement benefits, which would trigger automatic enrollment at 65 in Medicare Parts A and B, which cover hospital and medical insurance.

In order for your client to be eligible to delay, their employer must have 20 or more employees. The employer plan also cannot be a retiree or COBRA plan, according to Votava.

COBRA is a health insurance program that allows employees to continue their health insurance coverage if they lose or leave their job.

It is not considered a substitute for Medicare coverage because it is only considered secondary coverage for those who are Medicare-eligible. Because of that, COBRA will only cover 20% of the bill in many cases, Votava said.

*Font: <https://www.cnbc.com/2019/11/26/how-advisors-can-help-clients-through-high-stakes-medicare-decisions.html?fbclid=IwAR3yaO-mz2bGoAFLUy1aZKhrjxy6t1zdSJd3NiHO7Bi9yaBzjROwRyMZIXc>