

What You Should Know Before You Turn 65

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Turning 65 marks a new chapter of a person's life. There are benefits that become available to you in this new chapter, most notably Medicare. Medicare is the government-sponsored program that entitles most adults age 65 or older to medical insurance. The Medicare program is divided into four parts—A, B, C, and D. Private Medicare supplement policies, which may cover more out-of-pocket expenses, are also available.

This brochure will help you to understand what benefits you are entitled to once you turn 65 and will also explain some of the information you will need in order to decide whether and when to retire. There are other benefits available at age 65, particularly if you are low income. In making these decisions, you will face two primary concerns. First, what sources of income will I have, and how much will it be? Second, who will provide my medical coverage, and how much will it cost?

To address these questions, this brochure will discuss Social Security, Medicare, and Medicaid, and will provide basic information about retirement and employer medical coverage as well as Wisconsin's state-specific public benefits. A list of resources is located on the back of this brochure.

If you have questions about estate planning or sheltering assets, you should contact a private attorney. If you need help finding an attorney you should call the State Bar of Wisconsin's Lawyer Referral and Information Service at (800) 362-9082, or find an attorney near you at www.naela.org.

INCOME AT AGE 65 AND OLDER

Your ability to receive Social Security income is based on age and work credits. If you have earned 40 work credits you are entitled to Social Security retirement benefits. You earn work credits whenever you contribute a specified amount from your earnings into Social Security, and you can earn up to four credits per year. Those who are both low-income and either elder, blind, or disabled may also be eligible for Supplemental Security Income (SSI) benefits. You can request your earnings statement by contacting the Social Security Administration or by logging in to the online portal at www.ssa.gov.

WHEN YOU SHOULD COLLECT BENEFITS

Early Retirement Reduction:

You can receive benefits as early as age 62, but doing so will result in a permanent reduction in your monthly benefit payments. This is because you are collecting your benefits before the federal law deems you to have reached your full retirement age. A person's full retirement age varies based on when they were born. For example, if you begin collecting at 62 but your full retirement age is not until age 66, your monthly benefit amount will be reduced by 25-30% for the rest of your life.

Delayed Collection Credits:

If you begin collecting benefits between your full retirement age and age 70, your monthly benefit payments will increase. For example, if you are eligible for full benefits at age 67 and start collecting at 68, you would receive approximately 107.5% of your benefits; 115% if you waited another year.

Working While Collecting:

If you are still earning income and are not yet at full retirement age, you can begin claiming benefits, but your monthly benefit amount will be reduced both by the early retirement reduction and by \$1 for every \$2 you earn above a pre-set earnings limit. If you continue working after full retirement age, your benefits will not be reduced due to earned income. Furthermore, if you continue to work and pay Social Security tax, you may earn additional credits and further increase your monthly benefits.

When You Should Call Social Security:

Social Security recommends that you request benefits **two months prior** to when you want to begin collecting payments. Because the full retirement age is no longer 65—the age when Medicare begins—you will need to contact Medicare prior to your 65th birthday to obtain Medicare coverage even if you do not plan to collect Social Security payments. If you are receiving Social Security disability payments, your payments will automatically convert to retirement payments at full retirement age.

Percentage of Income:

On average, the amount people receive from Social Security retirement benefits is approximately 40% of their average salary. However, the Social Security Administration suggests that most people need at least 70-80% of their previous income in order to retire comfortably. Ways to augment your income include private pensions, part- or full-time work, retirement savings accounts, and taking advantage of any of the federal and state programs available to you. You may also be eligible for spousal or survivor benefits.

Year Born	Age to Receive Full SSA Retirement Benefits
1937 or earlier	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 and later	67

MEDICAL INSURANCE

How Medicare Works

Medicare is a medical insurance program sponsored by the federal government. On your 65th birthday, you will become eligible to receive benefits, regardless of your income or health status. You can also receive Medicare prior to age 65 if you have been receiving Social Security disability (SSDI) payments for 24 months, have end-stage renal disease, or Lou Gehrig's disease once you qualify for Social Security disability payments. What you pay for Medicare will depend on the number of work credits you have, your coverage choices, and your income and assets.

Part A: Hospital Insurance. Part A covers hospitals, limited skilled nursing facility rehabilitation stays, hospice care, and some home health services. For example, the per-night cost of hospital beds under Medicare Part A is \$0 for the first 60 days after you pay a deductible. Most people qualify for premium-free Part A based on their work history.

Part B: Medical Insurance. Medicare Part B helps cover medically necessary services and supplies needed for the diagnosis or treatment of your health condition. Part B covers medical services, outpatient procedures, ambulances, emergency rooms, tests, and durable medical equipment. You must pay a Part B monthly premium to receive coverage (in 2020, the monthly premium amount is \$144.60 per month). Part B covers 80% of covered medical expenses after you pay a small deductible.

Part C: "Advantage" Plans. Part C plans are Medicare-approved private insurance plans that provide equal or better coverage as Medicare Parts A and B. Some plans also provide prescription drug coverage. In addition to any premiums you may be required to pay by the Part C provider, you must still pay any required premiums for Parts A and B and any required co-pays for services. Advantage plans typically are HMOs or PPOs with network restrictions.

Part D: Prescription Drug Coverage. Part D plans are offered by Medicare-approved private insurance providers. These plans have a premium, a deductible, or both, and all will require out-of-pocket payments for prescriptions. Depending on a person's needs, a Part D plan can reduce the cost of filling prescriptions. If you do not enroll in a Part D plan when you are first eligible to do so, you may have to pay a penalty for each month you delay enrolling if you enroll later.

Medicare Supplements ("Medigap"). These policies help you cover the out-of-pocket expenses associated with Medicare, such as your Part A deductible and your Part B 20% coinsurance. Having a Medigap policy can help you prevent unforeseen spikes in medical costs. Medigap plans do not have network restrictions—they go anywhere Original Medicare is accepted.

Medicaid. There are several programs that can help subsidize your medical costs; among them is Medicaid. It will pay for your Medicare Part A and Part B deductibles and coinsurance and will reduce your prescription drug costs under a Part D plan. There are two requirements for Medicaid eligibility. First, you must be either an elder (age 65 or older), blind, or disabled. Second, you must meet certain financial qualifications, including income and asset limits.

Medicare and Your Employment

After retirement, the employer may continue to offer the same plan, it may require you change to a retiree healthcare plan, or it may discontinue your coverage altogether. There are specific rules about what and

how much Medicare will cover if you have additional insurance, so is important for you to understand your employer's coverage and when that coverage will end. In some circumstances, if you fail to take Medicare when you are first eligible at age 65, your employer or retiree plan will refuse to cover what Medicare *would have covered* if you had taken it. This means you could end up having to pay 80% of your medical costs out of pocket! **You should therefore read your employer health care manual thoroughly, talk to your HR person, and make sure your HR person provides you with information in writing.**

If you do not have employer-provided health insurance, you should sign up for Medicare between the three months before and the three months after your 65th birthday. If you delay your enrollment, you will have to pay premium penalties at a later date, and you will not be able to enroll when you want to.

If you or your spouse is still working: You can delay enrollment in Medicare without having to pay higher Medicare premiums later if you or your spouse are actively working **and** have group health plan coverage through your or your spouse's employer or union **and** there are more than 20 employees at your work. If any of those criteria change, you must enroll in Medicare within 8 months of the change to avoid a premium penalty for late enrollment.

If you have retiree coverage based on your or your spouse's former employment: Retiree insurance and COBRA are *not* health insurance through active employment. If you fail to take Part B upon your or your spouse's **retirement**, this could result in a penalty if you enroll later. You should talk to a benefit specialist about your options.

SeniorCare

SeniorCare is a state-based prescription drug benefit which is an alternative to a Part D plan. It is available to Wisconsin residents who are age 65 or older for \$30 per year. SeniorCare offers prescription drugs at affordable prices: \$5 for covered generic drugs and \$15 for covered brand name drugs. Depending on your income, you may have to pay a large deductible and/or spenddown before receiving the coverage benefit. SeniorCare counts as Part D creditable coverage, which means that if you are enrolled in it, you will not receive a late-enrollment penalty if you later decide to enroll in a Part D plan.

SAVING MONEY

There are a number of programs that can help you pay for medical expenses, food, utilities, taxes, and other necessary expenses. Taking advantage of these programs is a crucial step in maintaining your quality of life upon turning 65.

Medical and Prescription Drug Costs

For those who are still low-income, but have higher income and assets than allowed by Medicaid, there are other programs that can help pay for medical expenses. Some of these programs include the Qualified Medicare Beneficiary program (QMB), the Specified Low-Income Medicare Beneficiary program (SLMB), and the Qualified Individual program (QI, or SLMB+). If you are disabled and are able to work a little each month, you may qualify for the Medicaid Purchase Program (MAPP) which has higher income limits than traditional Medicaid. You may also qualify for the Low-Income Subsidy (LIS), which can reduce your Part D costs. Call your tribal or county benefit specialist to determine whether you qualify for any of these programs to help you pay for Medicare.

FoodShare

FoodShare is a program funded by the Farm Bill through the Dept. of Agriculture that provides households with a monthly payment that can be used at most supermarkets and farmers' markets to purchase food. The individual payments vary, but even small amounts can add up to a lot of savings throughout the year. While FoodShare is available to low-income individuals of all ages, there are helpful provisions for those age 60 or older. Contact your tribal or county benefit specialist for more information.

Home Energy Assistance & Weatherization Program

This program provides assistance with heating, energy and weatherization costs. For more information on WHEAP, call (866) HEATWIS / (866) 432-8947.

Homestead Tax Credit

This is a benefit for lower-income renters and homeowners designed to ease the strain of shelter expenses. The credit amount is based on the relationship of household income to the amount of allowable property taxes and/or rent for that year. Assistance applying for this credit varies by county—contact your local aging office, AARP tax aide program or the IRS tax volunteer program (VITA) for details.

Rural Housing Repair & Rehabilitation Grants & Loans

If you live in a home that requires repairs to make it safe or sanitary, or needs improvements to make it safer for a disabled resident, you may be entitled to loans and grants from the United States Department of Agriculture, Rural Development Agency. These loans and grants are available to homeowners 62 or older. For more information, contact the State USDA Rural Development Office at (715) 345-7600 or contact your tribal or county benefit specialist.

Property Tax Deferral Loan Program

Wisconsin property owners age 65 or older may be entitled to up to a \$3,525 loan annually to pay part or all of their property taxes and special assessments. To qualify, the household's prior year's income may not have exceeded the current year's limit and any co-owners of the property must be at least 60 years old unless either the applicant or the co-owner is disabled. For more information, contact WHEDA at (800) 334-6873. Your tribal or county benefit specialist may also know about corresponding county and city programs.

NEED MORE HELP?

Here is a directory of resources that provide services to you free of charge:

Medicare: www.medicare.gov

(800) MEDICARE / (800) 633-4227 (toll free) Open 24 hours per day, 7 days per week.
Get answers to common questions, help finding Part D plans, and Medicare publications.

Social Security Administration: www.ssa.gov

(800) 772-1213 (toll free)

Staff assists you with questions about SSA disability, retirement, and SSI benefits.

Access Wisconsin: www.access.wisconsin.gov

(800) 362-3002 (toll free)

Find out all the state and federal benefits you are entitled to, including FoodShare, Medicaid, and SeniorCare.

Medigap Helpline: www.dhs.wisconsin.gov/aging/boaltc/medigap

(800) 242-1060 (toll free)

Trained counselors will help you compare Medicare Supplement, Medicare Advantage, and employer health insurance plans.

Prescription Drug Helpline:

(855) 677-2783 (toll free)

Trained counselors help you compare Medicare Part D plans and other prescription drug coverage.

Medicaid Recipients Services & BadgerCare Hotline:

(800) 362-3002 (toll free)

Staff assists you with questions on Medicaid eligibility, applications, and benefits.

Midwest Pension Rights Project

(866) 783-5021 (toll free)

<http://www.midwestpensions.org/>

Free legal assistance for individuals who lived or worked in Wisconsin. This program can help individuals find lost private pensions, examine eligibility and entitlement for pension income, and review private pension denials. This program is for defined benefit pension plans, 401(k), 403(b), and profit-sharing plans. (This program is *not* for questions regarding Social Security benefits.)