

A Retirement Fact Sheet on Social Security and Medicare

Presented by David M. Weidmayer, CFP®

TIMELINE FOR RETIREMENT BENEFITS ELIGIBILITY

AGE 62

Eligible for social security retirement benefits

If you elect to claim social security benefits at age 62, your benefits will be permanently reduced by 25% to 30%.

AGE 65

Age eligible for Medicare in retirement

Do you or your spouse still work?

If yes, is your health insurance coverage considered Medicare creditable (i.e., your employer has 20 or more employees)?

If no, you must apply for Medicare to avoid being assessed a penalty on Part B.

Although COBRA, retiree health, TRICARE inactive, and health insurance through employers with fewer than 20 employees (exception: association plans) are noncreditable for Part B, many may be considered creditable for Part D. Be sure to check with your carrier.

AGE 66

Full retirement age (FRA) if born before 1955

Add 2 months to age 66 FRA for each year if you were born between 1955 and 1960.

Living spousal benefits are based on 50% of the FRA benefit.

AGE 70

Delayed retirement credits of 8% per year cease

Obtaining Your Social Security Benefits

To determine the optimal age for activating your social security payments, work with your financial advisor. You're eligible to begin collecting social security retirement benefits at age 62, but you may wish to defer taking them to increase your benefits. If you collect your benefits early, a permanent reduction of 25–30 percent will apply to your payments. The definition of "early" depends upon your "full retirement age." You can substantially increase your monthly benefits by delaying them until age 70. On average, your benefit at age 70 will increase by 124 percent to 132 percent. (Again, the amount depends upon your full retirement age.)

When to File

It's important to file for your benefits three months (and no more than four months) prior to the month in which you want to start receiving a check. The Social Security Administration (SSA) pays benefits one month in arrears. This means if you want to start receiving a check in July, you should file for benefits in April. When you file, you'll need to specify the month in which you want to start receiving benefits.

When Are Checks Deposited?

Generally, your monthly social security checks are deposited to your account based upon your date of birth, as shown in the following table:

Date of Birth	Check Deposit Day
1st to the 10th	Second Wednesday of month
11th to the 20th	Third Wednesday of month
21st to the 31st	Fourth Wednesday of month

How to Apply

There are three ways to apply for benefits:

- Call the SSA toll-free at 800.772.1213, Monday through Friday, from 7:00 A.M. to 7:00 P.M.
- Visit the SSA website at secure.ssa.gov/iClaim/rib.
- Make an appointment at your local SSA office. To find an office near you, visit secure.ssa.gov/ICON/main.jsp.

Information Needed

When you apply for social security benefits, you'll be asked for the following information:

- **Personal.** You'll need to provide your date of birth, place of birth, and social security number (SSN) for yourself (and your spouse, if applicable). If you're applying for the benefits of a divorced spouse, you'll also need to provide the spouse's name and SSN, as well as the date of your marriage and divorce. If your spouse is deceased, you'll need to provide the date of your marriage and the date of your spouse's death.
- **Bank.** To have your checks deposited directly into your bank account, you'll need to provide your bank account number and the bank's routing transit number (the nine-digit code that identifies U.S. banks).
- **Employment.** You'll be asked for the name and address of your employer or employers for the past two years, as well as the amount of money you earned over that time period. Also, it's important to share any employment in your career, such as railroad employment or international employment, that entitles you to a pension.
- **Military service.** If you were in the military, be prepared to provide the beginning and ending date of any service prior to 1968.
- **Benefit start date.** Be prepared to state the month in which you want your social security benefits to begin.
- **Medicare enrollment.** If you're within three months of age 65, you'll be asked whether you want to enroll in Medicare Part B. **Please note:** If you collect social security benefits and are age 65, you'll be automatically enrolled in Medicare Part A and Part B.

Documentation Needed

Generally, you'll need your original birth certificate (or a certified copy), a copy of your U.S. military service Certificate of Release or Discharge from Active Duty (if applicable), and a copy of your W-2 and/or self-employment tax return for the prior year.

Please note: Do not hold off applying for benefits if you do not have all the required documentation! The SSA will advise you on what documentation is missing and can sometimes assist you with obtaining the necessary information.

Obtaining Your Medicare Benefits

Generally, you're eligible for Medicare benefits at age 65. To determine when to apply for benefits, consult with your financial advisor. In some situations, you don't need to apply for benefits as soon as you're eligible. If you or your spouse is still working and covered by employer health coverage, you may not need to apply as soon as you become eligible. If you do not have health insurance that meets the definition of "creditable coverage," however, you should apply for Medicare when you become eligible.

In another possible scenario, once you reach age 65, your health plan might become a secondary payer to Medicare. This means if you're not covered by Medicare, you could experience a gap in coverage and higher out-of-pocket costs. To avoid this issue, it's important to check with your health insurer to confirm whether your coverage is considered "creditable."

Coverage Paths

You have a choice of two paths for Medicare coverage:

- Original Medicare Part A and Part B combined with Part D (prescription drug coverage)
- Medicare Advantage Plan (also known as Medicare Part C)

Each path has pros and cons, so you should carefully consider your decision. If you select Medicare Part A and Part B, you'll also want to consider adding a Medigap plan. Medicare Advantage plans provide coverage for expenses not included under Original Medicare, such as out-of-pocket costs, vision care, and hearing aids, as well as emergency care during international travel.

If you're already collecting social security benefits at age 65, you'll be automatically enrolled in Medicare Part A and Part B. You'll receive a letter confirming your enrollment and notifying you of the premium cost for Part B. Typically, you won't pay a premium for Medicare Part A because you paid for this coverage through payroll taxes when working.

If a spouse does not have enough credits for Medicare coverage under their own record, they may be eligible under a spouse when they are age 65.

Additional information on Medicare can be found by visiting www.medicare.gov.

How to Apply

There are three ways to apply for Medicare:

- Call the SSA toll-free at 800.772.1213, Monday through Friday, from 7:00 A.M. to 7:00 P.M.
- Visit the SSA website at secure.ssa.gov/iClaim/rib.
- Make an appointment at your local SSA office. To find an office near you, visit secure.ssa.gov/ICON/main.jsp.

When to Apply

There are specific enrollment periods for Medicare plans, and each one has certain rules and deadlines. It's important not to miss the enrollment deadline that applies to your personal situation. If you do miss a deadline, you may be subject to a premium penalty on your Medicare coverage. The enrollment periods are as follows:

Initial enrollment period. If you're age 65 and no longer working, your initial enrollment period is a total of seven months, including the three months before your 65th birthday, the month of your 65th birthday, and the three months after your 65th birthday.

Special enrollment periods. If you continue to work and have creditable coverage that allows you to defer enrollment in Medicare, you'll qualify for a special enrollment period. This means that once you're no longer employed with creditable coverage (and are age 65 or older), you have eight months to enroll to avoid a possible penalty. You'll also want to time your enrollment to avoid any gaps in health insurance coverage.

Open enrollment period. Each year, Medicare's open enrollment period generally runs from mid-October to early December. You should review your Medicare selections on an annual basis to be sure your plan meets your current needs. If you'd like to change your Medicare coverage, you can do so during open enrollment.

Information Needed

Generally, you will need your original birth certificate (or a certified copy), a copy of your U.S. military service Certificate of Release or Discharge from Active Duty (if applicable and you served prior to 1968), your driver's license, and a copy of your W-2. You should also provide information on your current health insurance plan and coverage dates. If you're already receiving social security benefits, you may be asked to provide your social security information.

Please note: Do not hold off applying for benefits if you do not have all the required documentation! The SSA will advise you on what documentation is missing and can sometimes assist you with obtaining the necessary information.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

David M. Weidmayer, CFP® is a financial advisor located at 11021 Fall Creek Road, Indianapolis, IN 46256. He offers securities and advisory services as an Investment Adviser Representative of Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. He can be reached at (317) 579-9400 or at dave@wwealthsolutions.com.