

Hot Topics in Retirement Planning for Financial Advisors

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Thank you:



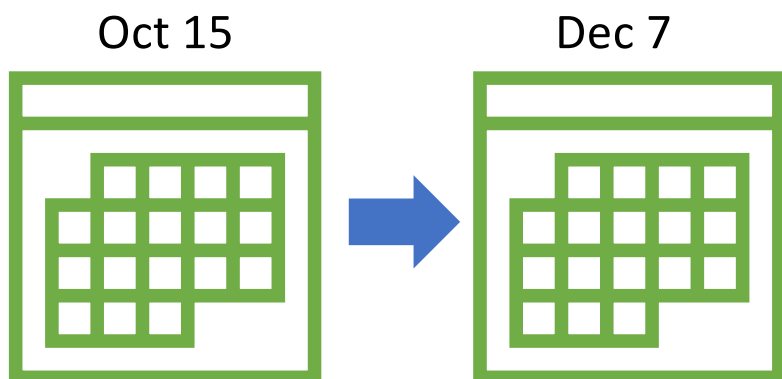
AGENDA

- Medicare OEP and HSA Issues
- Social Security – Still Not Bankrupt
- Man vs. Machine
- Eldercare Planning (separate slide deck)

- Medicare OEP & HSA Issues

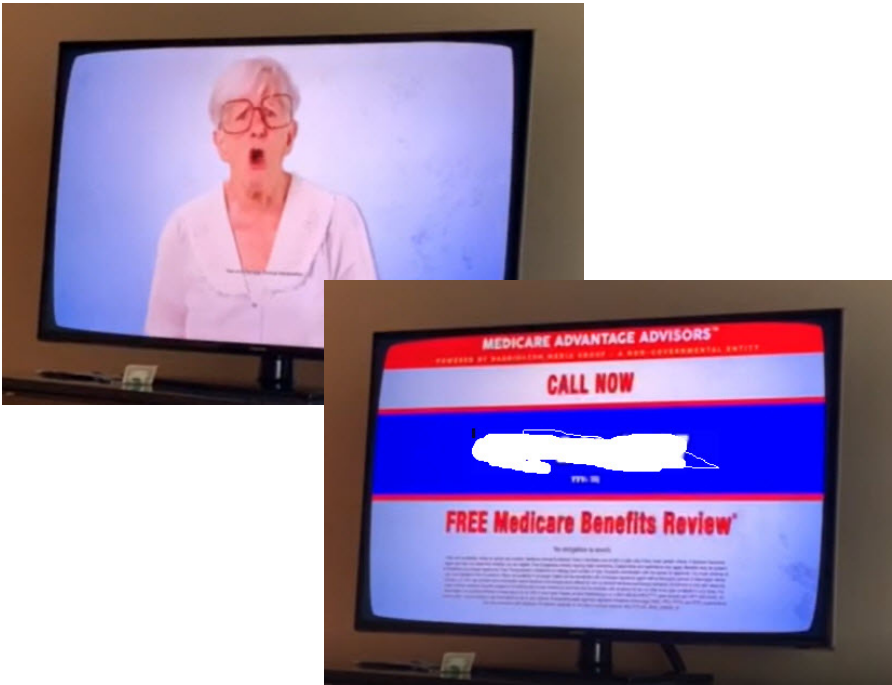


Medicare “Open Enrollment Period” (OEP)



- Encourage clients to “re-shop” prescription drug plans
 - Part D
 - MAPD
- Behind-the-scenes “activities” will change their Rx pricing

643,000 Ads Aired Last Year in 8-Week Period



56,000
Number of MAPD ads featuring Joe Namath

Very Few Seniors Re-shop Their Plans – Costing Them \$000s

Only
3 in 10

10% MA
20% Part D

Out of the
loop

- Medicare beneficiaries compared Plans during OEP for 2020 coverage
- Percent of enrollees who voluntarily switch plans each year during OEP
- Switching rates are even lower among certain demographics (Hispanic, low income, 85+)

Pros & Cons: Where Clients Can Get Reliable Help

- **SHIP** — Volunteers, some good... no cost
- **Fee-for-service advisers** — \$400 to \$1500, hard to find
- **Independent agents** — Conflict of interest:
 - \$600 for MA vs. \$200 for Medigap
- **Captive agents, Company CSRs** — Offer only one insurer's plan; push MAPD
- **Pharmacies** — burned out staff, severe shortage of pharmacists, reduced hours
- **eHealth, GoHealth, etc.** — incomplete set of choices

Medicare.gov — no side-by-side comparisons, but comprehensive offerings

Explore your Medicare coverage options

Pick your 2024 plan from Oct. 15 - Dec. 7.

First time joining a Medicare health or drug plan?

Find Medicare health & drug plans

Use your account

Save time by logging in

- Get a summary of your current coverage
- Use your saved drugs & pharmacies to compare plan costs

Log In

Don't have an account? [Create one.](#)

Continue without logging in

Choose the year you need coverage and enter your ZIP code:

COVERAGE FOR

2024 2023

ZIP CODE

Continue

Case Study 1: Part D Costs from Medicare.com



10 Prescriptions, 1 Tier 3 drug

Annual Premium = \$383

Drug Costs = \$1,079

TOTAL = \$1,462

Case Study 1: Same Drugs – Estimate on Medicare.GOV

ESTIMATED TOTAL DRUG + PREMIUM COST					
	CVS Pharmacy #00844 ✓ In-network	Walmart Pharmacy 10- 2103 ✓ Preferred	Big Y Pharmacy #65 ✓ Preferred	Walgreens #18231 ✓ Preferred	Mail Order Pharmacy ✓ Preferred
<u>Total drug + premium cost (for the rest of 2023)</u>	\$1,509.75	\$400.95	\$312.40	\$398.86	\$279.20

Case Study 2: Bob's Journey at eHealth.com

The good news:
\$0 Monthly Premium

The bad news:
Just 2 of 3 MDs
in network &
only 1 of 3 Rx
covered

aetna
Aetna Medicare Explorer Plan (PPO) - H5521 159
Medicare Star Rating Ⓢ★★★★☆
\$0 Monthly Premium
Enroll Now
Primary Doctor Co-Pay: \$0 | Specialist Co-Pay: \$45
Potential Rx Drug Cost: \$448.29/mo
Plan Benefits: ✓ Rx Drugs, ✓ Dental, ✓ Vision, ✓ Hearing, See more
Doctors (3): ✓ [Redacted], ✓ [Redacted], ✗ [Redacted], Edit doctors
Rx Drugs (3): ✓ [Redacted], ✗ [Redacted], ✗ [Redacted], Edit Rx drugs

aetna
Aetna Medicare Discover Plan (PPO) - H5521 451
Medicare Star Rating Ⓢ★★★★☆
\$0 Monthly Premium
Enroll Now
Primary Doctor Co-Pay: \$0 | Specialist Co-Pay: \$40
Potential Rx Drug Cost: \$448.29/mo
Plan Benefits: ✓ Rx Drugs, ✓ Dental, ✓ Vision, ✓ Hearing, See more
Doctors (3): ✓ [Redacted], ✓ [Redacted], ✗ [Redacted], Edit doctors
Rx Drugs (3): ✓ [Redacted], ✗ [Redacted], ✗ [Redacted], Edit Rx drugs

Great Pick for you See why?
2024 ⓘ
United Healthcare
AARP Medicare Advantage from UHC MA-0006 (PPO) - 18768 044
Medicare Star Rating Ⓢ★★★★☆
\$0 Monthly Premium
Enroll Now
Primary Doctor Co-Pay: \$0 | Specialist Co-Pay: \$0 - \$45
Potential Rx Drug Cost: \$448.49/mo
Plan Benefits: ✓ Rx Drugs, ✓ Dental, ✓ Vision, ✓ Hearing, See more
Doctors (3): ✓ [Redacted], ✓ [Redacted], ✗ [Redacted], Edit doctors
Rx Drugs (3): ✓ [Redacted], ✗ [Redacted], ✗ [Redacted], Edit Rx drugs
Compare | Full Details

Case Study 2: The Really Bad News: \$5,391 Per Year!!!!

	Aetna Medicare Explorer Plan (PPO) - H5521 159 2024	Aetna Medicare Discover Plan (PPO) - H5521 451 2024	AARP Medicare Advantage from UHC MA-0006 (PPO) - H8768 044 2024
<div style="display: flex; justify-content: space-between;"> Back Save Print Highlight differences </div>			
Highlights Doctors Rx Drugs Hospital Dental Vision Hearing More Benefits			
Highlights			
Plan type	Medicare Advantage (Local PPO)	Medicare Advantage (Local PPO)	Medicare Advantage (Local PPO)
Monthly premium	\$0 + Part B Premium	\$0 + Part B Premium	\$0 + Part B Premium
Part B give back	Not covered	Not covered	Not covered
Annual medical deductible	\$0	\$0	\$0
Out-of-pocket maximum	<ul style="list-style-type: none"> In-network: \$5,900 Any provider: \$9,550 	<ul style="list-style-type: none"> In-network: \$5,900 Any provider: \$9,550 	<ul style="list-style-type: none"> In-network: \$6,300 Any provider: \$9,550
Your doctors in-network	2 of 3 in-network	2 of 3 in-network	2 of 3 in-network
Prescription drug deductible	\$0	\$0	\$0
Flex Benefits	Not applicable	Aetna Medicare Payment Card: You get an Aetna Medicare Payment Card. It will include: Medical cost share: \$200 quarterly benefit amount (allowance) to pay for medical cost share expenses such as physician visits, lab work, and vision and hearing exams. It may also be used to pay for additional visits for a plan covered service that has a visit limit. The full benefit amount should be used each quarter because any unused allowance amount will not roll over into the following quarter.	Not applicable
Your estimated drug cost + Premium	\$5,379.43	\$5,379.43	\$5,381.83
Acute inpatient hospital stay	Unlimited days covered	Unlimited days covered	Unlimited days covered
DTC benefits	\$100 allowance every 3 months	\$100 allowance every 3 months	Not covered
Dental	\$1,000 allowance every year	\$1,500 allowance every year	\$1,000 allowance every year
Vision	Eyewear: \$250 allowance every year *Limitations may apply, see details in additional notes	Eyewear: \$250 allowance every year *Limitations may apply, see details in additional notes	Eyewear: \$100 allowance every year
Hearing	Covered	Covered	Covered
Mail Order Pharmacy	Covered	Covered	Covered
Doctors			
Primary doctor visit	<ul style="list-style-type: none"> In-network: \$0 copay Out-of-network: \$30 copay 	<ul style="list-style-type: none"> In-network: \$0 copay Out-of-network: \$30 copay 	<ul style="list-style-type: none"> In-network: \$0 copay Out-of-network: \$20 copay
Specialist visit	<ul style="list-style-type: none"> In-network: \$45 copay Out-of-network: \$50 copay 	<ul style="list-style-type: none"> In-network: \$40 copay Out-of-network: \$50 copay 	<ul style="list-style-type: none"> In-network: \$0 - \$45* copay Out-of-network: \$65 copay

Case Study 2: Talk About Confusing...in-network, preferred, non-preferred, tiers!!!

		Aetna Medicare Explorer Plan (PPO) - H5521 159 2024	Aetna Medicare Discover Plan (PPO) - H5521 451 2024	AARP Medicare Advantage from UHC MA-0006 (PPO) - H8768 044 2024
Back		Save Print		
<input checked="" type="checkbox"/> Highlight differences				
		Highlights Doctors Rx Drugs Hospital Dental Vision Hearing More Benefits		
Rx Drugs				
Estimated Drug Costs				
Prescription drug deductible	\$0	\$0	\$0	\$0
Your estimated drug cost + Premium	\$5,379.43	\$5,379.43	\$5,381.83	\$5,381.83
Your Rx drugs (Add/change)	1 of 3 covered	1 of 3 covered	1 of 3 covered	1 of 3 covered
	\$0 (Tier 1: preferred generic)	\$0 (Tier 1: preferred generic)	\$0 (Tier 1: preferred generic)	\$0 (Tier 1: preferred generic)
	\$4,031.54 (Not covered)	\$4,031.54 (Not covered)	\$4,026.74 (Not covered)	\$4,026.74 (Not covered)
	\$1,347.89 (Not covered)	\$1,347.89 (Not covered)	\$1,355.09 (Not covered)	\$1,355.09 (Not covered)
Your pharmacy (Add/change)				
Network	In-network, preferred	In-network, preferred	In-network, non-preferred	In-network, non-preferred
Initial Coverage Copays				
Insulin cost share	<ul style="list-style-type: none"> Initial Coverage, Standard Retail Cost-Sharing Tier 3 (preferred brand) - \$35.00 (30-day supply) for covered insulins Tier 5 (specialty tier) - \$35.00 (30-day supply) for covered insulins 	<ul style="list-style-type: none"> Initial Coverage, Standard Retail Cost-Sharing Tier 3 (preferred brand) - \$35.00 (30-day supply) for covered insulins Tier 5 (specialty tier) - \$35.00 (30-day supply) for covered insulins 	<ul style="list-style-type: none"> Initial Coverage, Standard Retail Cost-Sharing Tier 3 (preferred brand) - \$35.00 (30-day supply) for covered insulins Tier 4 (non-preferred drug) - \$35.00 (30-day supply) for covered insulins 	<ul style="list-style-type: none"> Initial Coverage, Standard Retail Cost-Sharing Tier 3 (preferred brand) - \$35.00 (30-day supply) for covered insulins Tier 4 (non-preferred drug) - \$35.00 (30-day supply) for covered insulins
Preferred retail cost-sharing	Hide Details			
Preferred pharmacy	See participating pharmacies	See participating pharmacies	Not applicable	Not applicable
Tier 1	<ul style="list-style-type: none"> \$0 (30-day supply) \$0 (100-day supply) 	<ul style="list-style-type: none"> \$0 (30-day supply) \$0 (100-day supply) 	Not applicable	Not applicable
Tier 2	<ul style="list-style-type: none"> \$5.00 (30-day supply) \$10.00 (100-day supply) 	<ul style="list-style-type: none"> \$0 (30-day supply) \$0 (100-day supply) 	Not applicable	Not applicable
Tier 3	<ul style="list-style-type: none"> \$47.00 (30-day supply) \$35.00 (30-day supply) for covered insulins \$141.00 (100-day supply) \$105.00 (100-day supply) for covered insulins 	<ul style="list-style-type: none"> 20% coinsurance (30-day supply) \$35.00 (30-day supply) for covered insulins 20% coinsurance (100-day supply) \$105.00 (100-day supply) for covered insulins 	Not applicable	Not applicable
Tier 4	<ul style="list-style-type: none"> \$100.00 (30-day supply) \$300.00 (100-day supply) 	<ul style="list-style-type: none"> 50% coinsurance (30-day supply) 50% coinsurance (100-day supply) 	Not applicable	Not applicable
Tier 5	<ul style="list-style-type: none"> 33% coinsurance (30-day supply) \$35.00 (30-day supply) for covered insulins 	<ul style="list-style-type: none"> 33% coinsurance (30-day supply) \$35.00 (30-day supply) for covered insulins 	Not applicable	Not applicable

So, which option would be best?

Original Medicare: Part A, Part B, Medigap, Part D

- **Upside**
 - Known, steady monthly payments
 - Good budget management
 - Go anywhere
- **Downside**
 - Paying now to be guaranteed coverage later

Medicare Part C: Part A, Part B, Medicare Advantage w/Part D

- **Upside**
 - Coordinated care thru a PCP
 - Generally \$0 monthly premiums
- **Downside**
 - Authorizations Denied
 - Maximum in and out of network OOP is very high
 - Must use in-network to get best pricing

Your Clients' Ridiculous Number of Options in Miami-Dade Co.

Part D Plans – 23 options (National Average = 24)

- Wellcare Value Script
 - **\$0 monthly premium**/\$545 deductible in 2024
 - \$11.20 mo. premium/\$505 deductible in 2023
- SilverScript SmartSaver
 - \$13.30 monthly premium/**\$280 deductible** in 2024
 - \$8.40 monthly premium/\$505 deductible in 2023

Medicare Advantage Plans (National Average = 43)

- In 2024
 - **53 Plans**
 - 49 with Part D
 - 43 with \$0 monthly premium
 - 6 with a monthly premium
- In 2023
 - **54 Plans**
 - 49 with Part D
 - 43 with \$0 monthly premium
 - 6 with a monthly premium

Inflation Reduction Act Lowering Costs for Senior Clients



2023 → lowered price of insulin (in all forms) to \$35/mo.

2024 → eliminates copays in catastrophic level of Part D plans (after \$8,000 OOP)

2025 → maximum \$2,000 per person, drugs + premiums, pro-rata over 12 months

Medicare & HSA Contributions – Trouble in Paradise



Retroactive Rule

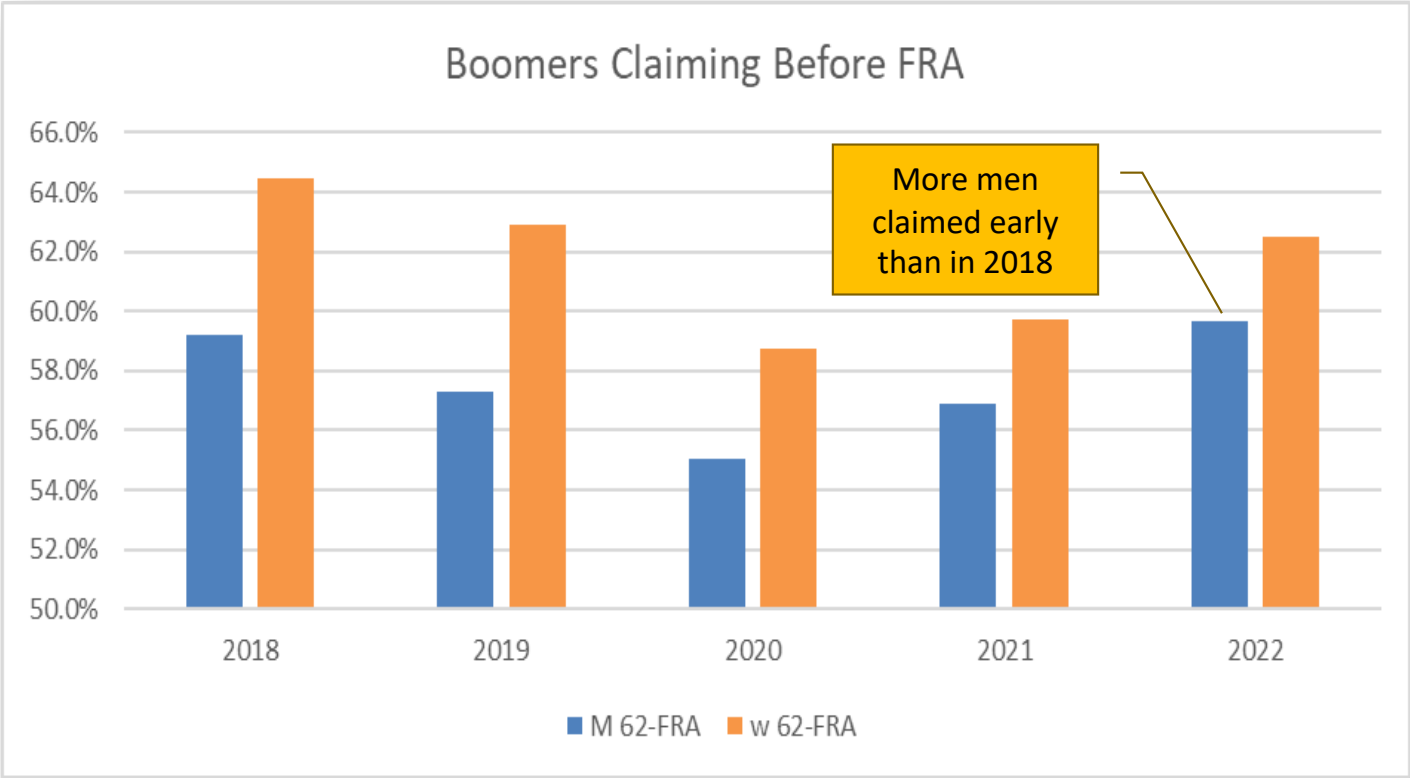
- **Does not apply** BEFORE client reaches 65th birthday month (except if born on 1st day). Stop HSA contributions 1 month prior
- **Applying by age 65 ½?** Retro only back to 65th birthday month. HSA contributions needed to stop 1 month prior
- **Applying after 65 ½?** 6-month retroactive period applies. HSA contributions needed to stop 6 months before **APPLICATION DATE**...not 6 months before RETIREMENT—usually 9 months before dropping LGHP

- Social Security – Still Not Bankrupt



Social Security Not Going Bankrupt -- Still

But more Boomers are claiming early



2024 COLA – Just a Little Fizz

3.2% increase

- TWB \$168,600 (up from \$160,200 in 2023)
- Earnings Limit in years before FRA \$22,320/yr. (\$1,860/mo.)
- Maximum Benefit \$3,822 (increased from \$3,627/mo. in 2023)
- No Medicare Part B hold-harmless

Will Social Security Be There For Me?



- GenXers, Millennials, GenZ are not convinced:
 - Approx. 25% think Social Security **won't be there** for them
 - Approx 25% think Social Security **will be there** for them

Most Popular Stories on Retirement Daily: Spousal Benefits



I'm turning 65 at year-end and want to know if I can collect Social Security under my husband's work record once I reach full retirement age at 66 years and 8 months (August 2025) and then collect on my own Social Security once I reach 70 years of age. My husband retired a few years ago and is now 70.

Bob's Answer



- If she files for a spousal benefit, she's also **deemed to have filed** for her own retirement benefit at that time
- There's **no option for a 'restricted application'** anymore for 'spousal benefits only' while allowing your own retirement benefit to keep growing
- That strategy was eliminated by the Bipartisan Budget Act of 2015 for anyone **born after January 1, 1954**

Survivor Benefits vs. Spousal Benefits



- There is a **critical distinction** between survivor benefits and spousal benefits
- A widow(er) can **claim a survivor benefit first** and allow their own retirement benefit to keep growing, then switch later (usually at 70)
- That there are 2 different benefits is a **constant source of confusion** — in both directions—for clients

- Man vs. Machine



Should Advisors Be Afraid of AI?

Why AI Poses a Mortal Threat to Financial Advisors

by David Macchia, 10/10/23



8 LEAVE A COMMENT

Advisor Perspectives welcomes guest contributions. The views presented here do not necessarily represent those of Advisor Perspectives.

Is there a subject that is more at the forefront of peoples' minds than artificial intelligence (AI)? Depending upon one's perspective, the thought of AI may cause feelings of hope and optimism or fear and dread. Despite our varied perspectives, many of us have begun using AI. For instance, Chat GPT is attracting 100 million users a month. Will AI's every-growing intelligence supersede its creators?

It seems certain it will if it hasn't already.

When I tried to read the entire internet in 10 minutes, I stumbled. One wonders if one day AI will decide that we humans are no longer vital.

Earlier this year, OpenAI revealed that ChatGPT-4 is a good test taker; it passed the Uniform Bar Exam, LSAT, and USA Biology Olympiad "flying colors." Moreover, Chat-GPT scored 155 on an IQ test. The average American's IQ is 98.

In an [article](#) published in January by *Psychology Today*, Dr. Marylynn Wei asked, "Are AI chatbots threatening the intimacy that must exist between therapist and patient, I found Wei's question



Man vs Machine: Q1

- Retirement Daily recently asked ChatGPT the following question:

How do I create tax-efficient ways to make withdrawals from my retirement account?



Man vs. Machine

Retirement
Daily | On
TheStreet

How To Create Tax-Efficient Withdrawals From Your Retirement Accounts

- **The Machine says:**

- Roth conversions
- Tax bracket management
- Required Minimum Distribution (RMDs)
- Withdrawal sequencing
- Qualified charitable distributions (QCDs)



Man vs. Machine

Retirement Daily | On TheStreet

How To Create Tax-Efficient Withdrawals From Your Retirement Accounts

• The Man Responds

- Some of ChatGPT's basic answers are OK
- But the mediocrity is far outweighed by big mistakes and glaring omissions.

ChatGPT:

- You must start making RMDs at 72
- Did not mention SECURE Act 2.0 rules for inherited IRAs
- Let after-tax money grow so beneficiaries get a step-up
- Lacks complete info about QCDs



Man vs. Machine

Retirement
Daily | On
TheStreet

Bottom line: Use ChatGPT for writing jokes and wedding toasts. But ask an actual financial professional about making withdrawals from your retirement accounts.

Man vs Machine Q2

- Retirement Daily recently asked ChatGPT the following question:

What's the smartest way to take retirement income from my portfolio?



Man vs. Machine

Retirement Daily | On
TheStreet

What's the Smartest Way to Take Retirement Income From My Portfolio?

- **The Machine Says:**

- Systematic Withdrawals
- Bond Laddering
- Dividend or Interest Income
- Bucket Strategy
- Annuities



Man vs. Machine

Retirement Daily | On TheStreet

What's the Smartest Way to Take Retirement Income From My Portfolio?

• The Man Responds:

- **Systematic Withdrawals:** It's good to have a steady income stream, but people regularly underestimate their annual expenses.
- **Bond Laddering:** ChatGPT makes this sound easy, but there are so many variables.
- **Dividend or Interest Income:** What if you own stock in a company that reduces or even eliminates dividends?
- **Bucket Strategy:** A person should always have some kind of short-term reserve, but ChatGPT doesn't indicate how much is needed.
- **Annuities:** Annuities provide a stable income, and you should research different options. But how do you evaluate how much money to allocate to annuities?



Man vs. Machine

Retirement Daily | On TheStreet

People who rely on these AI-generated responses would likely be left with countless follow-up questions and, in the end, be back where they started: Not knowing what to do.

- Elder Planning Course

New Professional Program



The screenshot shows the FPA website's press release page. The navigation bar includes 'FPA', 'Practice Support', 'Learning', 'Advocacy', 'Networking', and 'Membership' (highlighted with a red box). On the right, there are links for 'Journal of Financial Planning', 'About', 'Sign In', and a search icon. The breadcrumb trail reads 'FPA Home > Press Room > FPA Releases and Announcements'. The main headline is 'FPA Partners to Help Financial Planners Support Elder Planning Needs of Clients and Their Families'. Below the headline is a 'Share' button. The body text, dated February 23, 2023, from Denver, describes a new partnership between the Financial Planning Association (FPA) and Mantell Retirement Consulting to offer an Elder Planning Specialist Program to FPA members.

FPA Home > Press Room > FPA Releases and Announcements

FPA Partners to Help Financial Planners Support Elder Planning Needs of Clients and Their Families

Share

DENVER (February 23, 2023) – As the American populace grows older, financial planners will need to address the increasing financial impact felt by older Americans and their families. To support financial planners in developing their elder planning competencies, the [Financial Planning Association® \(FPA®\)](#) is pleased to announce a new partnership with noted authorities in elder planning to make the [Elder Planning Specialist Program](#) available to FPA members.

The EPS Course

with Instructor Bob Powell



1. Understanding the Aging Process and the Caregiver's Role with Annalee Kruger
2. Diversity and Aging and Insights into Retirees 85 and Older with Terry Bradford-Crane & Anna Rappaport
3. Legal Issues of Aging with Harry Margolis
4. Increasing Approaches to Planning for Extended or Long-term Care with Carroll Golden
5. Social Security and Medicare Planning with Marcia Mantell
6. Diminished Capacity, Elder Abuse, End of Life Plans with Robert Mauterstock & Paul Malley
7. Structuring and Conducting the Family Meeting / Ethical Will/Legacy Letter with Robert Mauterstock & Susan Turnbull
8. Developing a Marketing Plan with Robert Mauterstock & Annalee Kruger
9. Building an Elder Planning Team with Robert Mauterstock & Annalee Kruger
10. Creating and Presenting Your Elder Plan with Robert Mauterstock & Annalee Kruger



CONTACT US

thank you!

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