



Health Care in Retirement

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Agenda

- Health Care Considerations in Retirement
- Medicare Basics
- Mercer Marketplace 365 Private Retiree Health Exchange Overview
- Strategies to Save for Health Care Costs



Health Care Considerations

Retiree Health Care Considerations

Increasing life expectancy

Increasing health care costs

Medicare Part B premiums rising

Not all expenses covered by Medicare

How Confident Are You?



50% report
low confidence in
having enough money for
health care in retirement

Source: MERS 2018 Voice of the Customer Survey

Health Care Costs Impact on Retirement



Delayed
Retirement



Increased
Stress

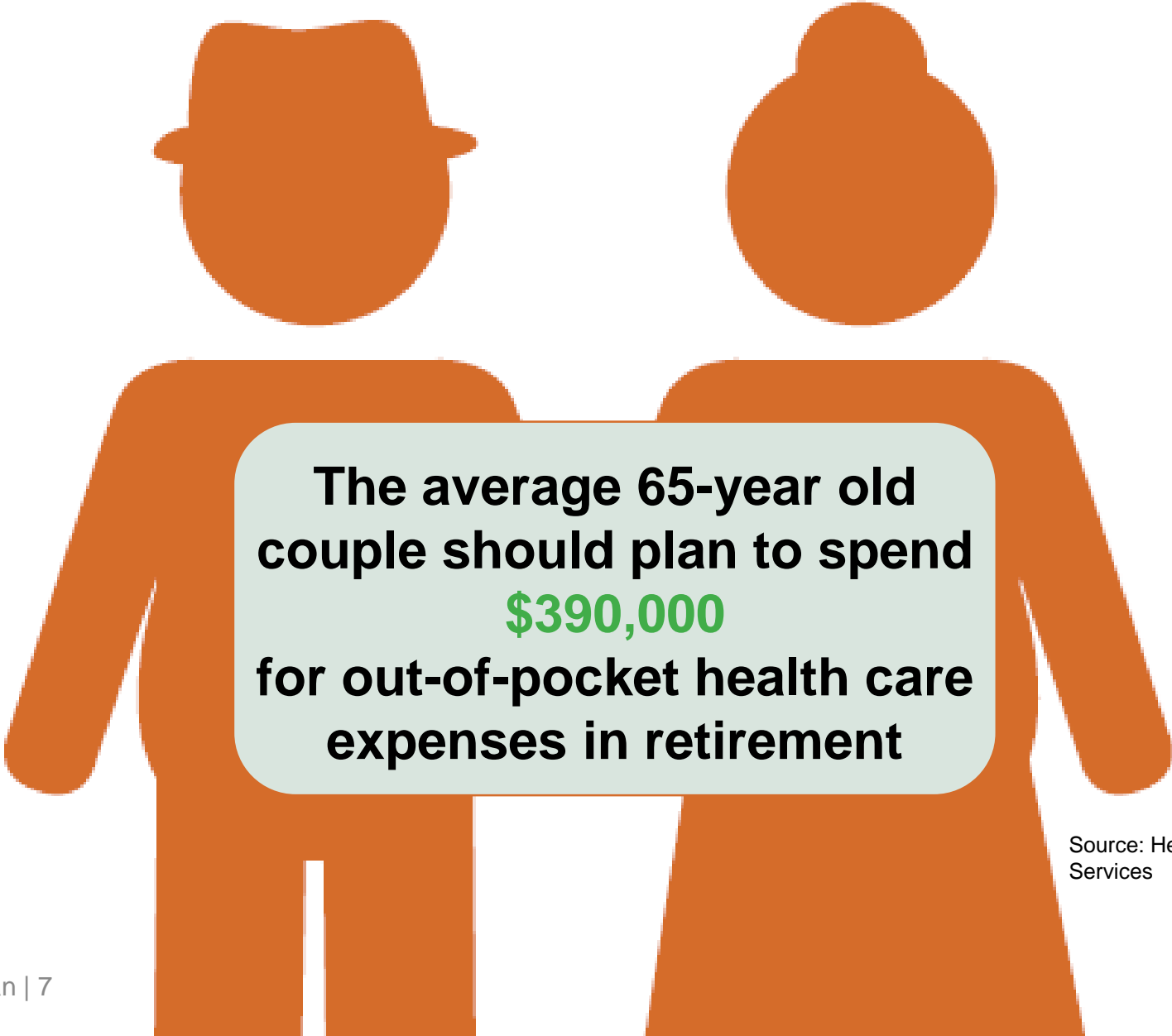


Compromises
to Health



Change in
standard of
living

Out-of-Pocket Costs in Retirement

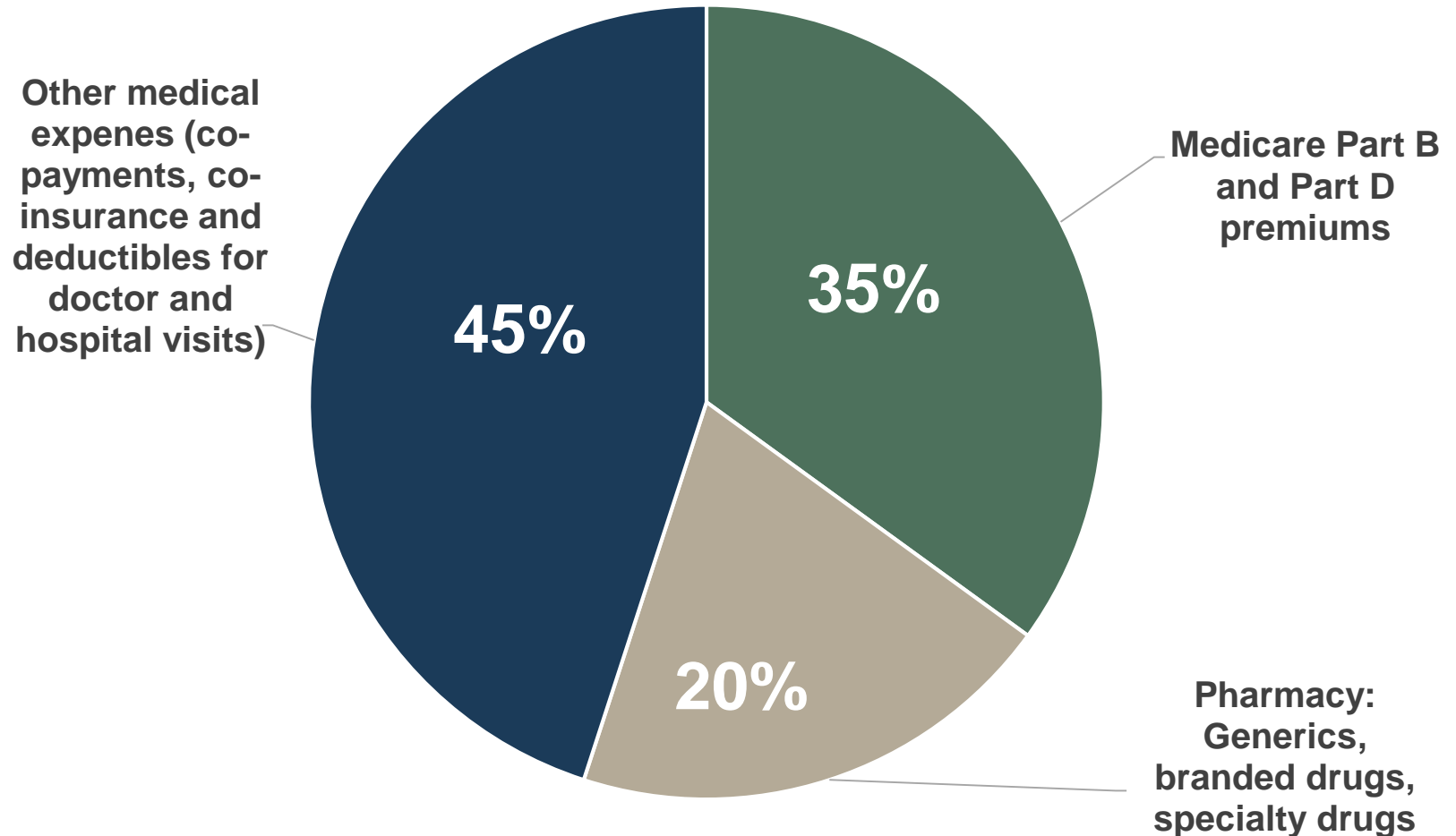
An illustration of an elderly couple in orange silhouettes. The man on the left is wearing a fedora, and the woman on the right has her hair in a bun. They are standing side-by-side, and a light blue rounded rectangle is centered over their torsos, containing text.

**The average 65-year old
couple should plan to spend
\$390,000
for out-of-pocket health care
expenses in retirement**

Source: HealthView
Services

Out-of-Pocket Costs with Medicare

What do your Medicare out-of-pocket expenses cover?



Source: Fidelity Benefits Consulting 2018



Medicare Basics

Medicare Overview

Federal health insurance for:

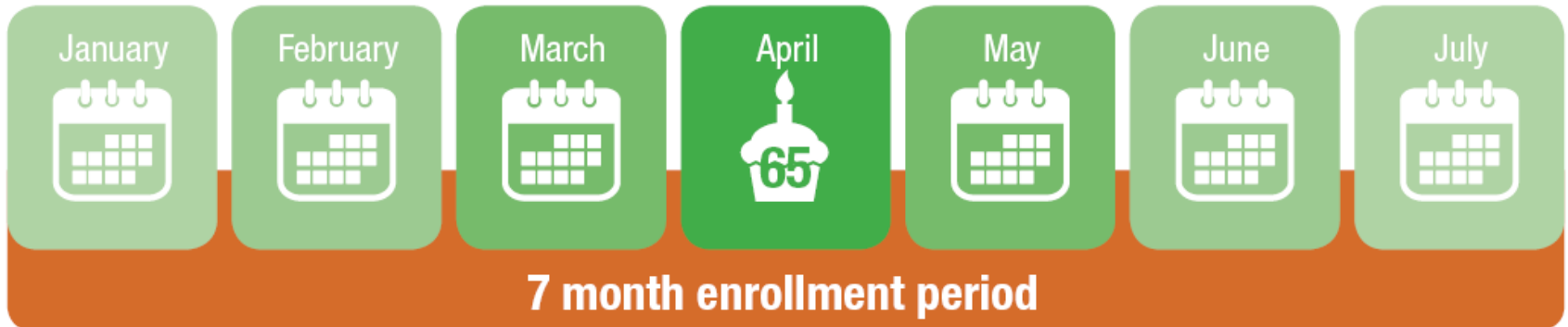
- Age 65+
- Some persons with disabilities or health conditions

You must actively enroll

Enrollment Period

- Seven month enrollment period
 - The month of your 65th birthday, and three months before and after your 65th birthday

EXAMPLE: If your birthday is **April 12**, your enrollment period would be:



- Unlike Social Security, you need to **enroll as soon as eligible**, or risk penalties

Medicare Components



Part A

Hospital
Coverage

(Mandatory enrollment)



Part B

Medical
Coverage

(Mandatory enrollment)



Part D

Prescription
Drug Coverage

(Optional enrollment)

Premiums



Part A

You usually don't pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working



Part B

Premiums are based on your reported income from two years ago

Example: If your 2018 tax return indicated your income was \$174,000 or less (for married couples filing jointly), you would pay approximately \$144.60 per person, per month in 2020



Part D

Varies based on your coverage needs

What is Not Covered by Medicare



Skilled nursing home stay beyond 100 days



Dental, vision and cosmetic procedures



Deductibles, premiums, coinsurance, and copayments

Supplemental Options



**Medicare
Supplemental
Insurance
(Medigap)**



**Medicare
Advantage
(MA or Part C)**

Medicare Resource

www.medicare.gov



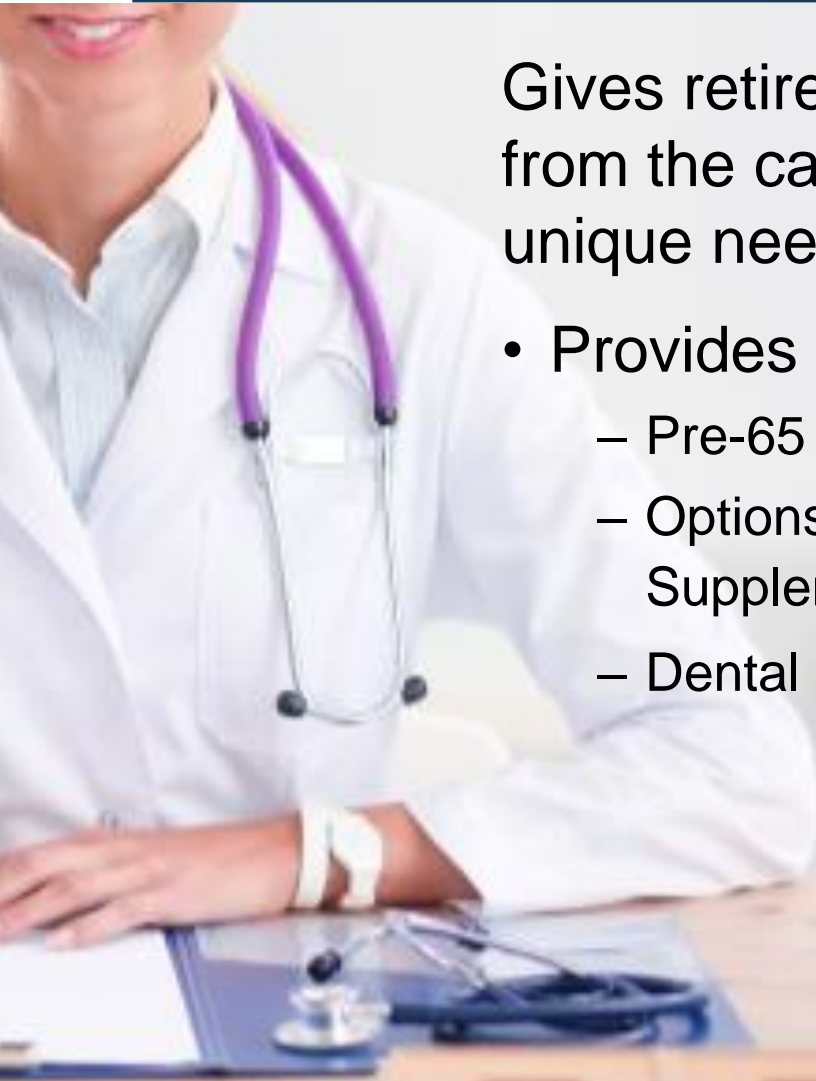
Pre-65 Options Available





Private Exchange for Retirees

What is a Private Exchange?



Gives retirees the option to purchase benefits from the carrier of their choice based on their unique needs

- Provides a variety of plans:
 - Pre-65 coverage
 - Options including Medicare Advantage, Medicare Supplement and Part D Prescription Drug Plans
 - Dental and vision plans

Mercer Marketplace 365

Choosing the right plan can be overwhelming.

With Mercer, trained benefits counselors help you choose a plan that meets your needs.



Advantages for Retirees



Wide variety of plans



Open to all MERS retirees – no employer adoption necessary



Premiums can be paid from Health Care Savings Program funds

Process to Enroll



Avoid a gap in coverage! Enroll in your new plan before current coverage ends



Contact Mercer Marketplace via website or phone to learn more about your benefit options



Benefits counselors provide step-by-step guidance and enroll you in your selected plan



Plans are typically effective the first month following enrollment

Q & A

Common questions and answers about private health care exchanges



Can I keep my preferred doctors, hospitals and pharmacies?

YES



I have a pre-existing condition. Am I still eligible for insurance through the exchange?

YES



Can individual insurance be comparable in cost to group options?

YES



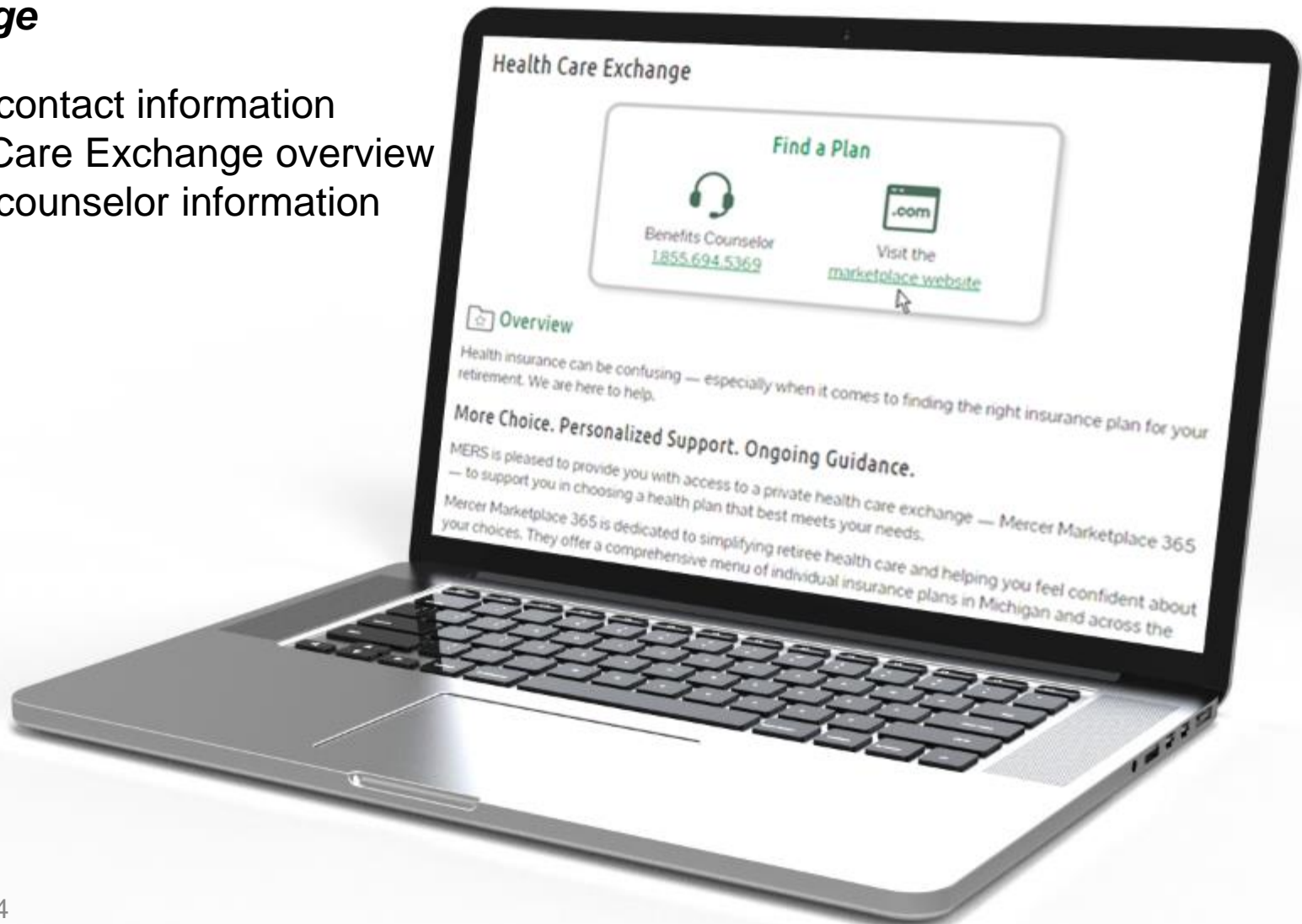
Can my spouse and I be on separate plans based on our needs?

YES

Learn More

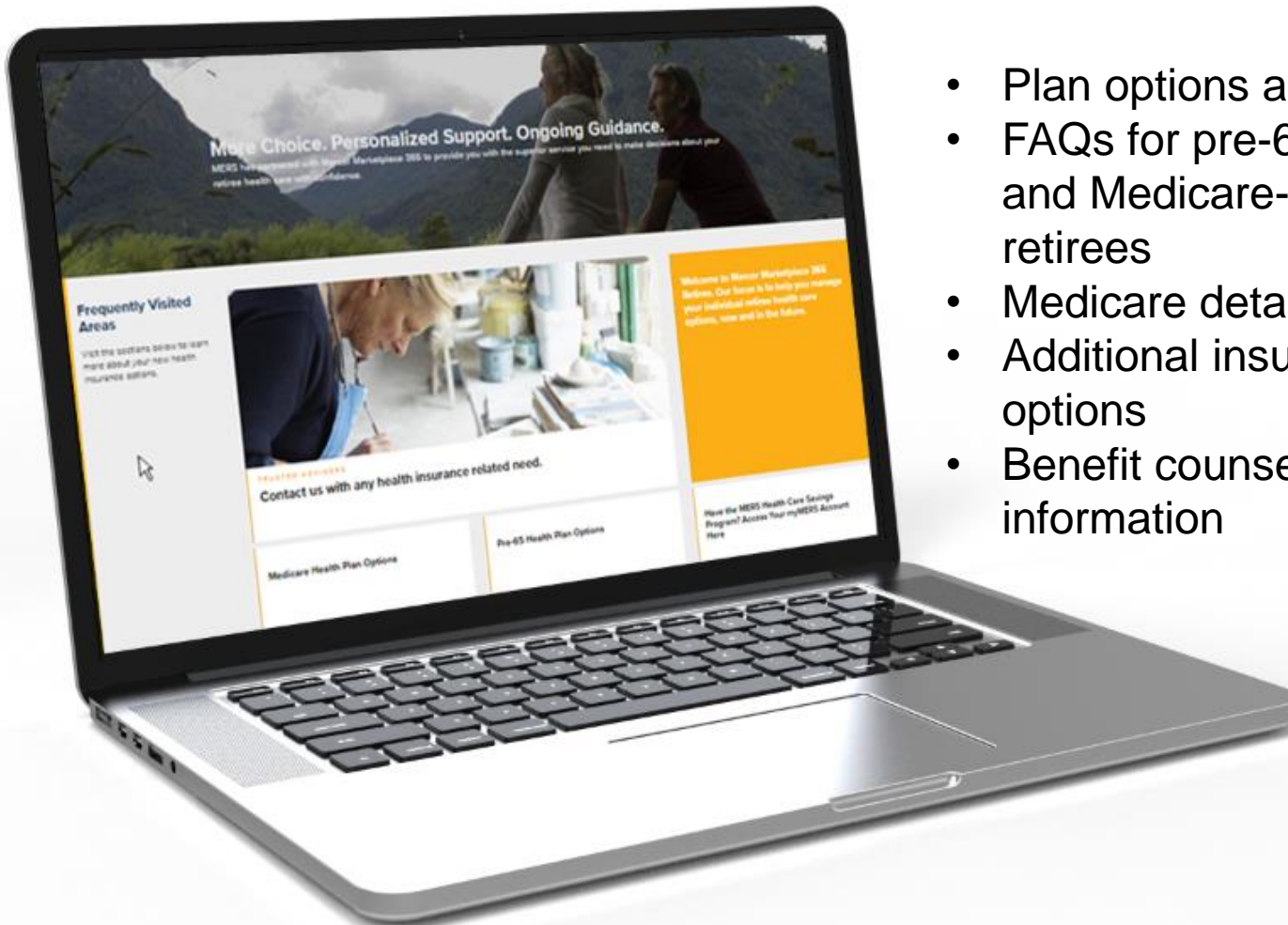
MERS Website: www.mersofmich.com/Retiree/Programs/Health-Care-Exchange

- Mercer contact information
- Health Care Exchange overview
- Benefit counselor information



Learn More

Mercer website: <http://retiree.mercermarketplace.com/mers.html>



- Plan options and costs
- FAQs for pre-65 retirees and Medicare-eligible retirees
- Medicare details
- Additional insurance options
- Benefit counselor contact information



Strategies to Save for Health Care Costs

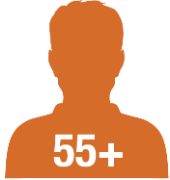
Health Care Savings Considerations



Even with Medicare and supplemental coverage, not all your health care costs will be covered in retirement



People age 55 and older accounted for 20% of bankruptcy filings in 2017 – largely due to unexpected health care costs



There are strategies to help you start saving more, even as you're approaching your last few years of working

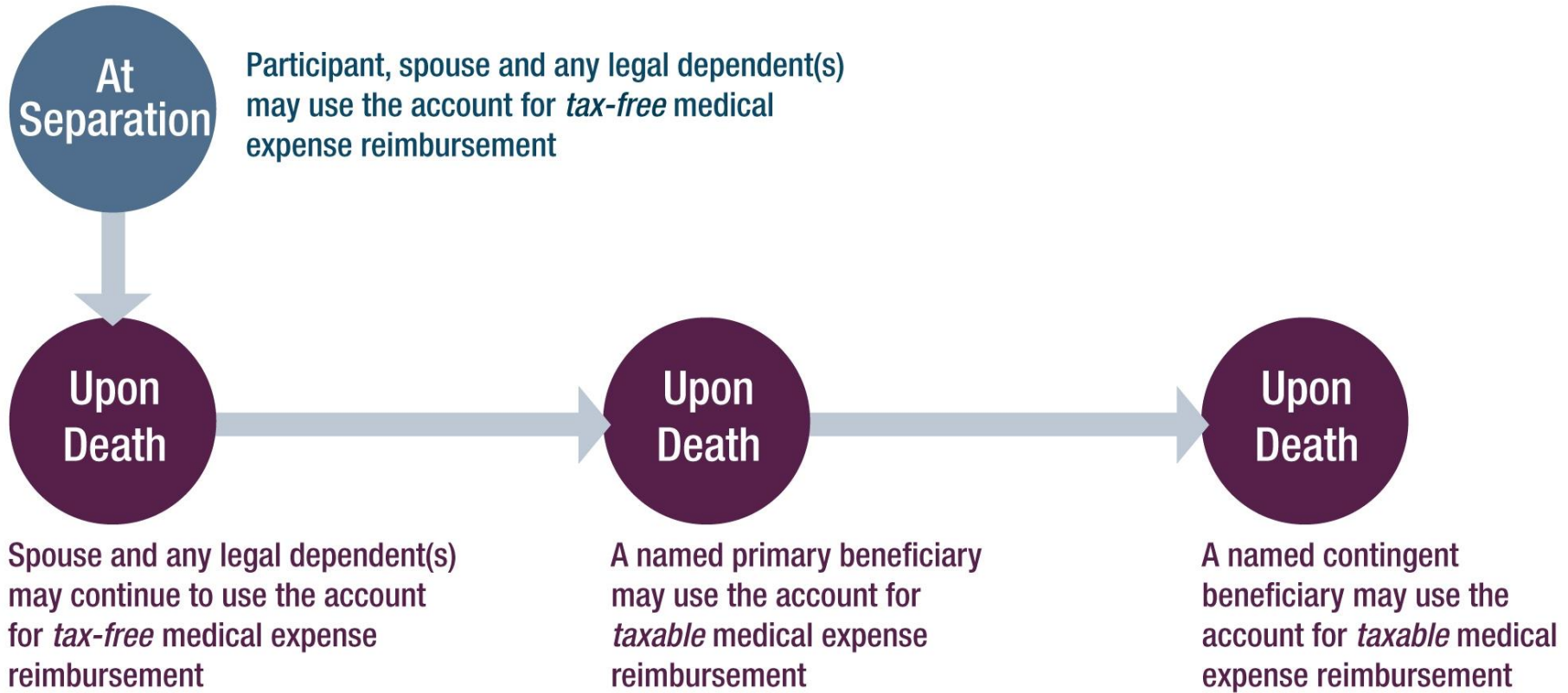


The MERS Health Care Savings Program is a great tool to help fund qualified medical costs after separating from employment

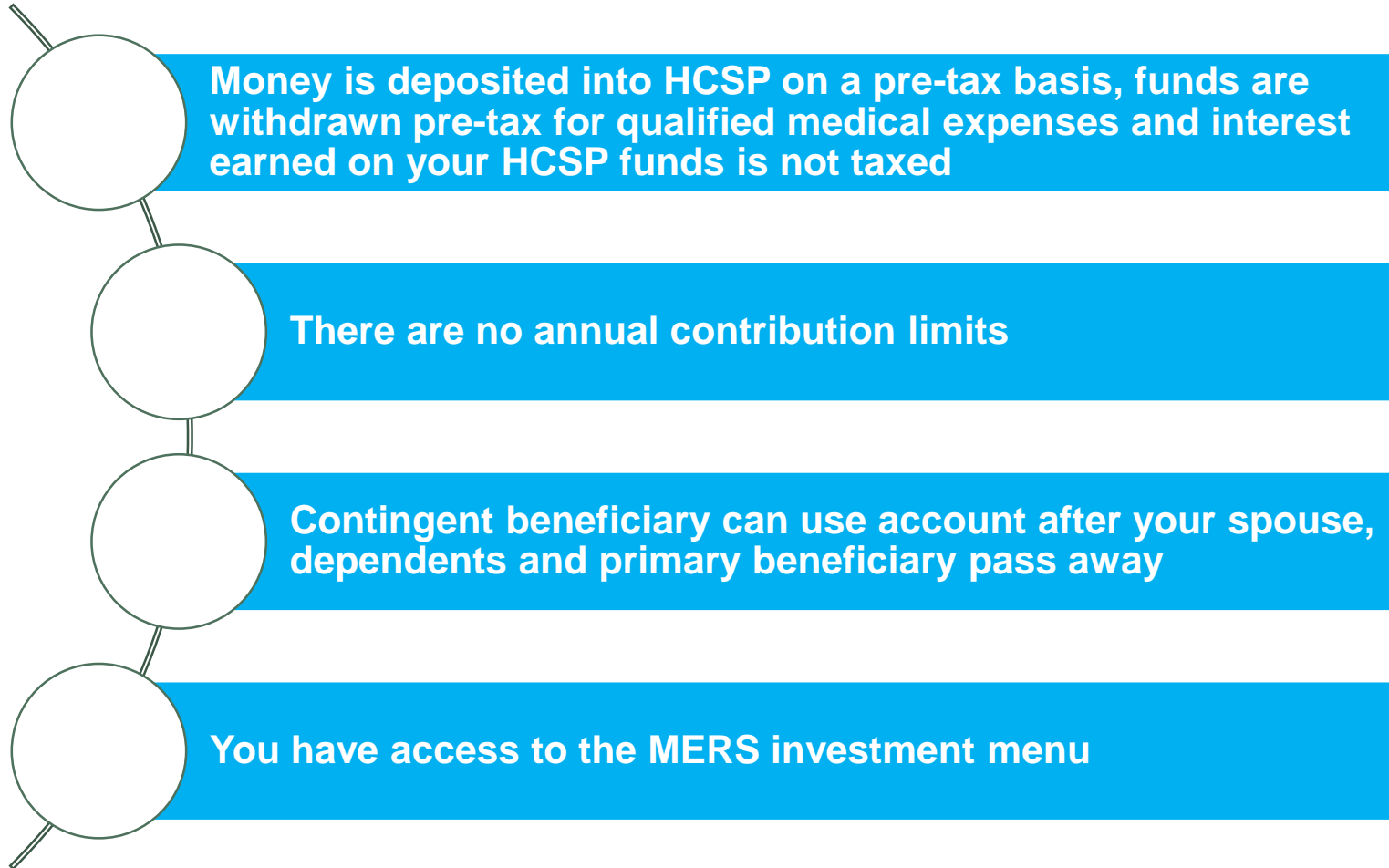
How Health Care Savings Program Works

- 1** Contributions are deposited
- 2** Assets are invested
- 3** After separation, assets are used

Using Your Funds



Advantages



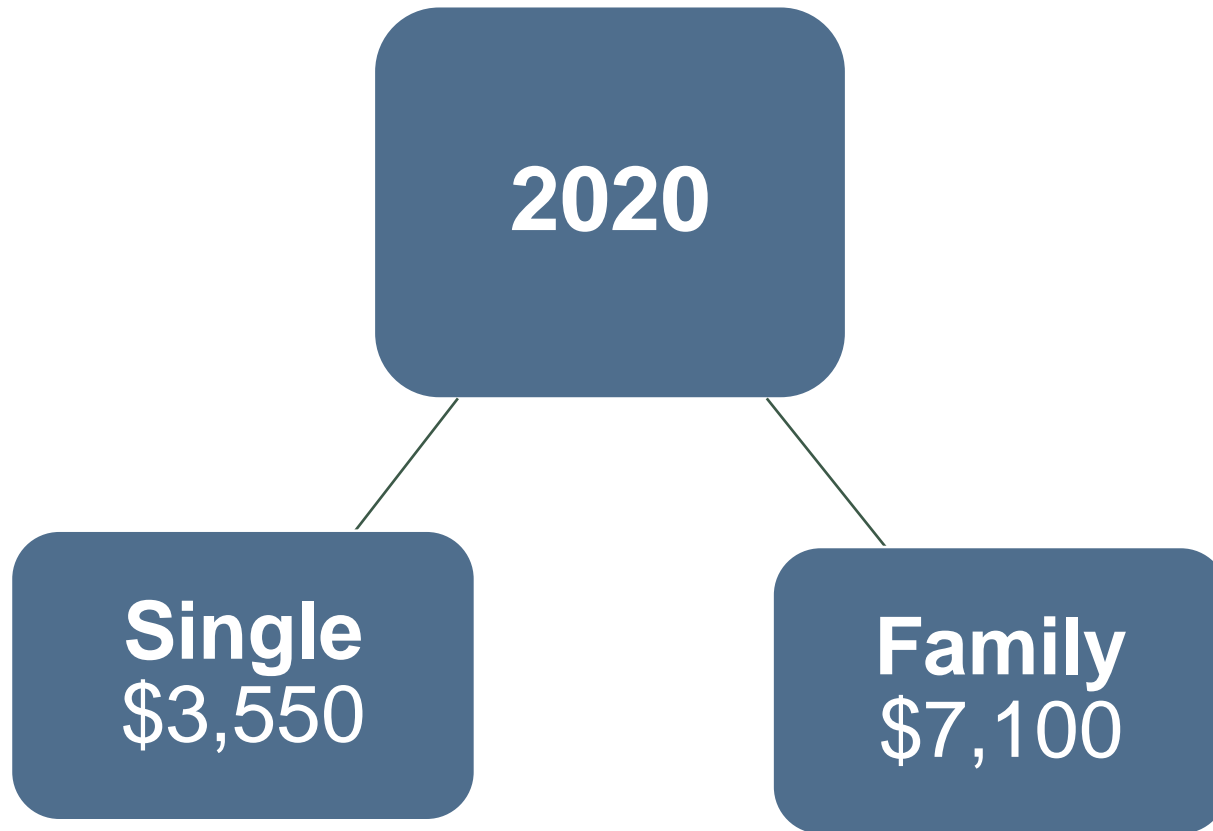
Consider a Health Savings Account (HSA)

What is an HSA?

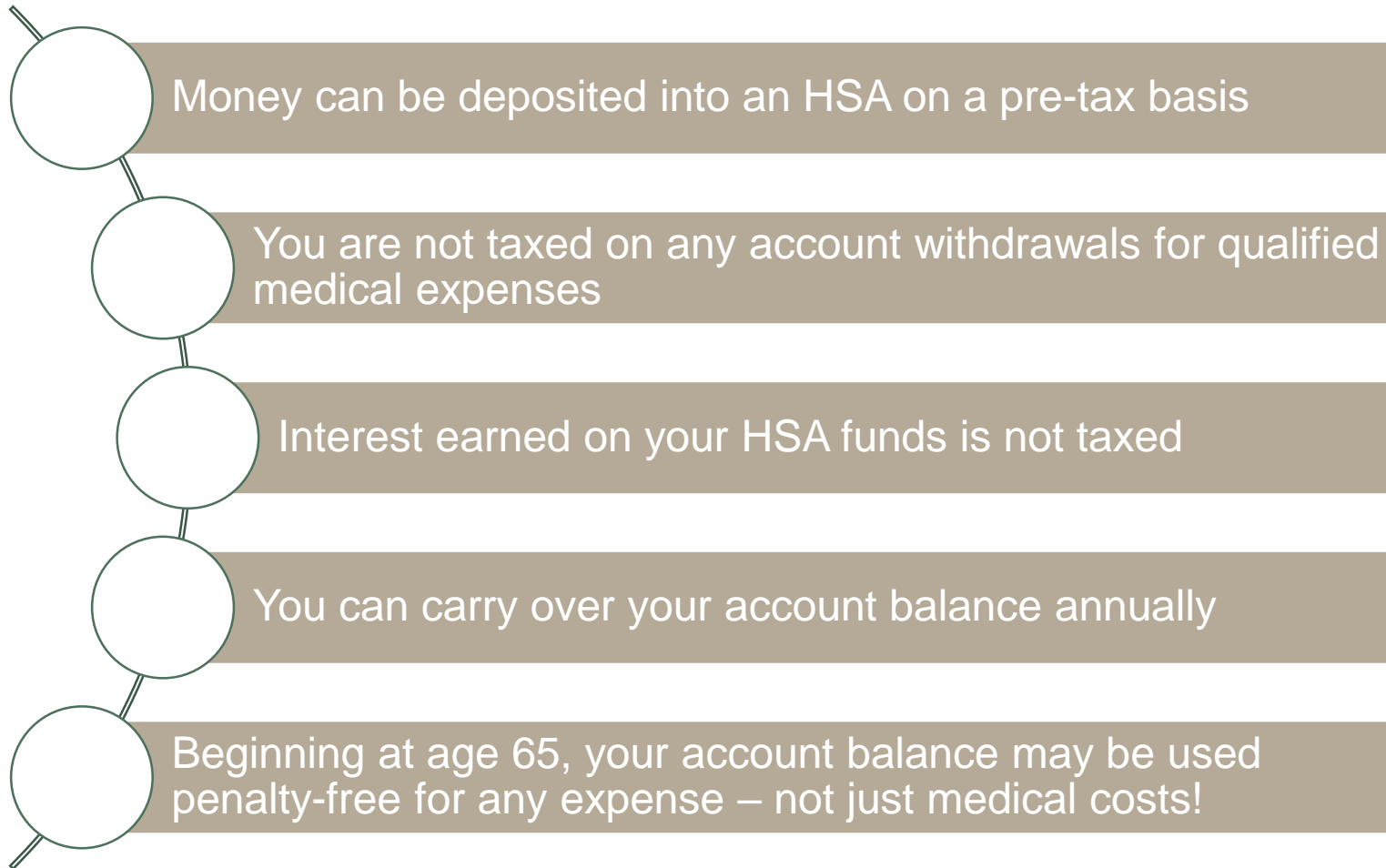
- A savings account for the purpose of funding qualified medical expenses
- May be available through your current employer, a bank, credit union, or insurance companies
- Used to supplement a high deductible health plan (*HDHP is classified as having a minimum deductible of **\$1,400** per year for an individual or **\$2,800** for a family in 2020*)

Annual Contribution Limit

You must meet eligibility requirements to contribute



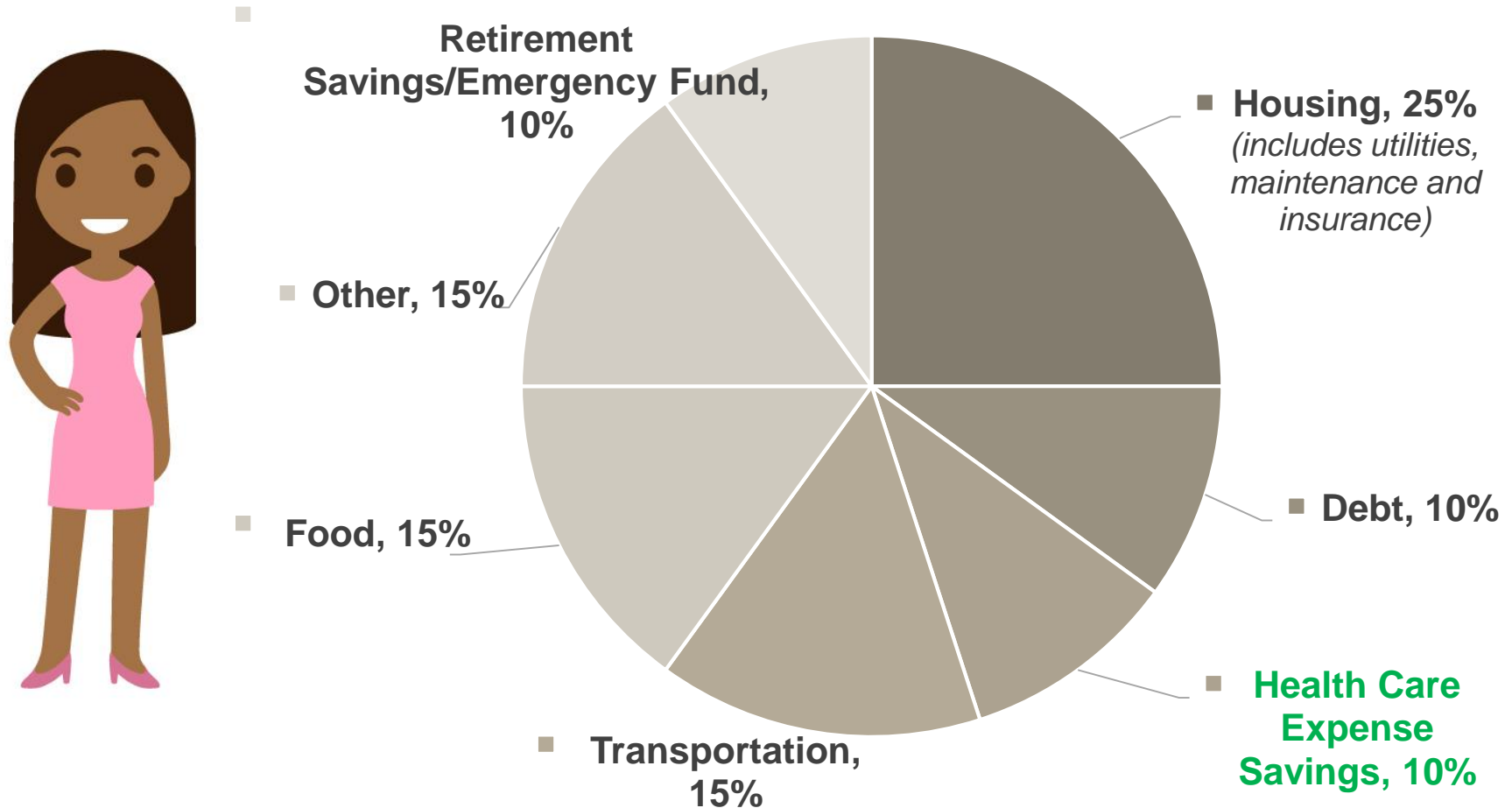
Advantages



Options to Save More – Late Career cont'd

Reduce Expenses in Retirement

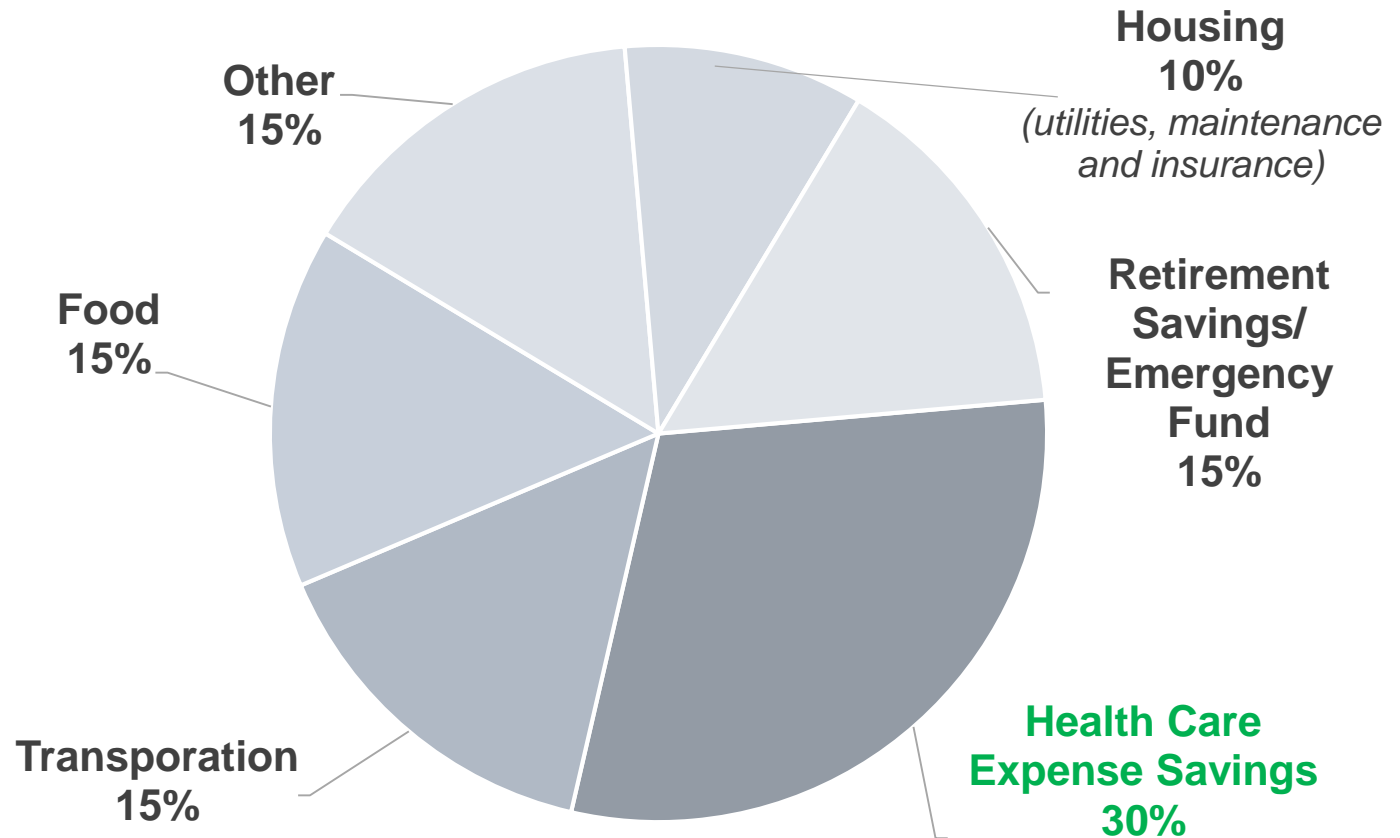
EXAMPLE 1: TOTAL YEARLY EXPENSES WITH DEBT



Options to Save More – Late Career cont'd

Reduce Expenses in Retirement

EXAMPLE 2: TOTAL YEARLY EXPENSES WITH NO DEBT



MERS of Michigan

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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www.mersofmich.com



This presentation contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.