



2018

RETIREMENT CONFERENCE

Health Care in Retirement

Presented by: Angie Schrauben

Agenda

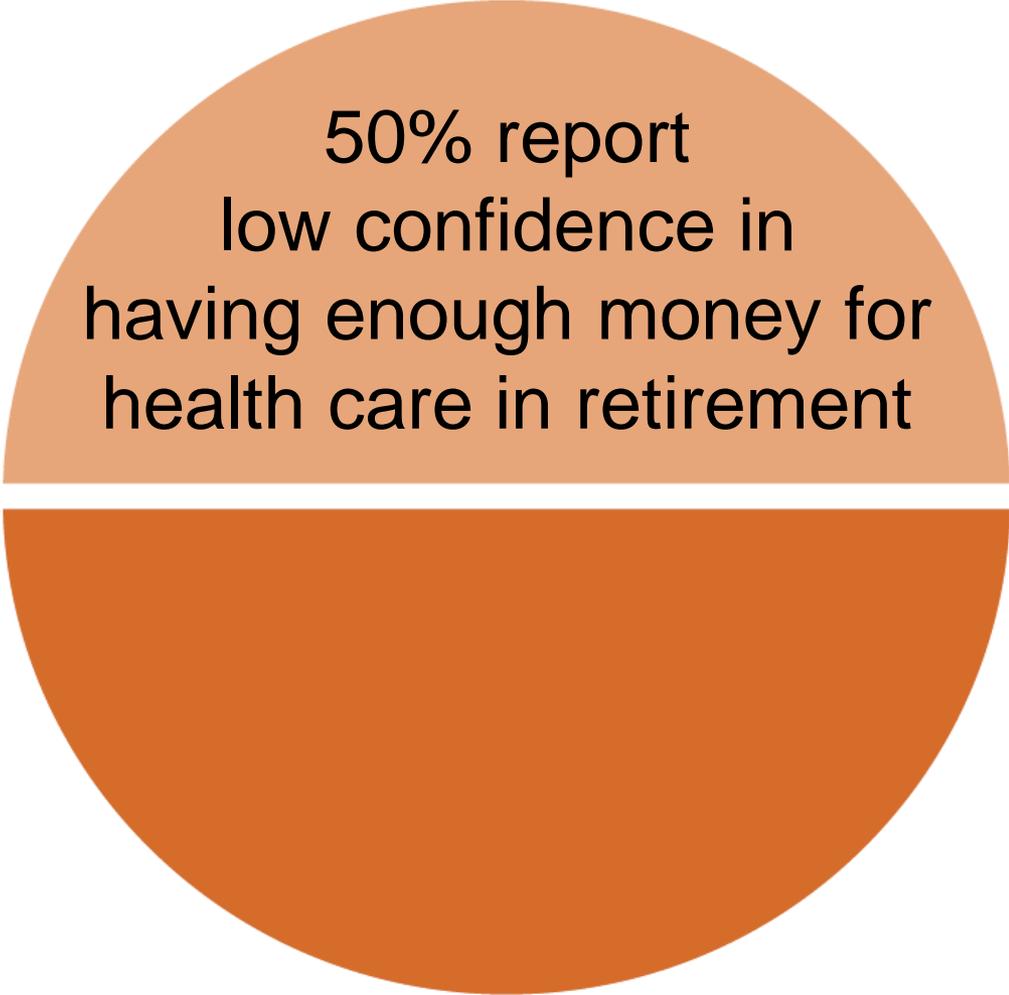
- Health Care Considerations in Retirement
- Medicare Basics
- Mercer Marketplace 365 Private Retiree Health Exchange Overview
- Strategies to Save for Health Care Costs



Health Care Considerations



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



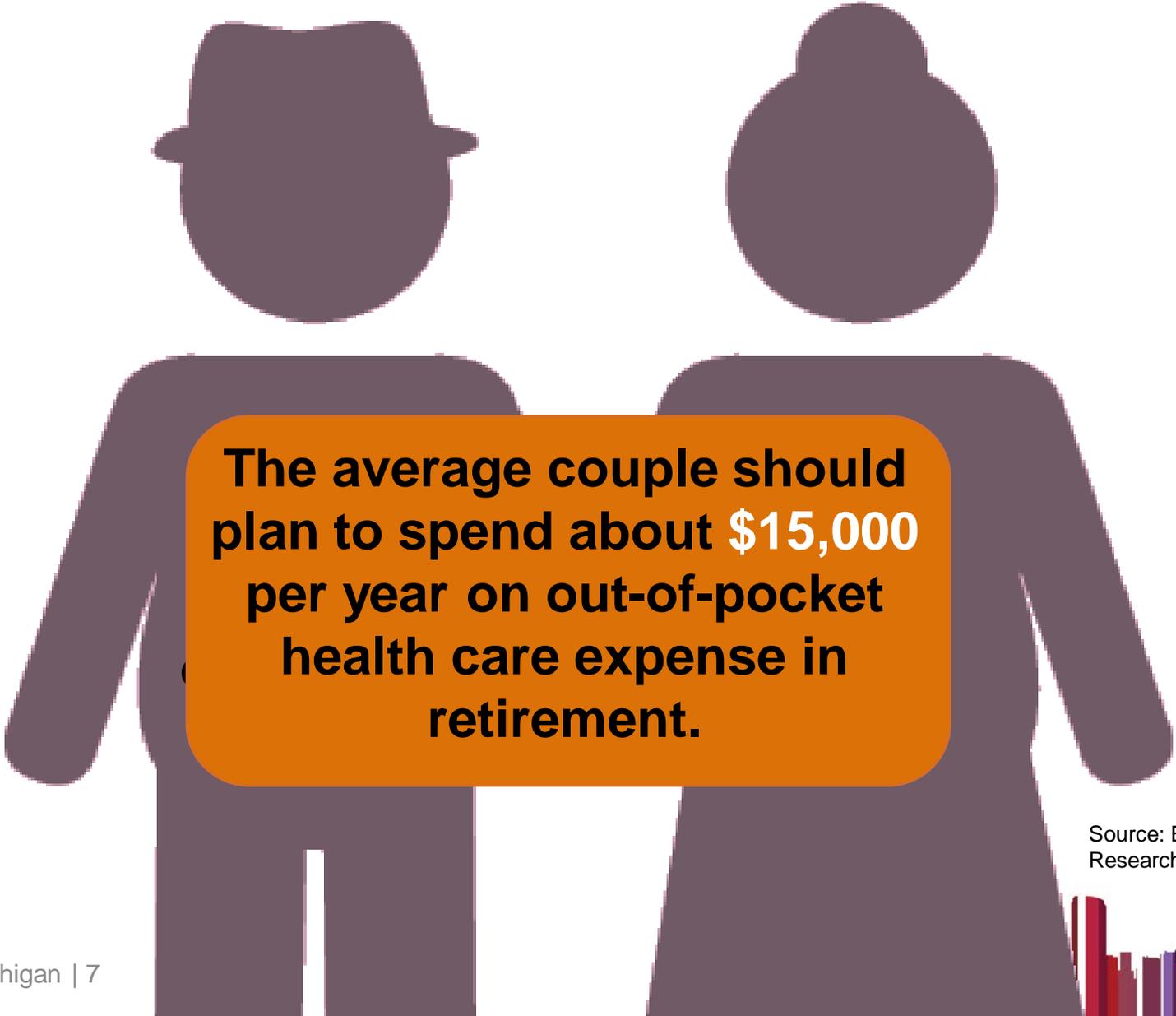
Compromises to Health



Reduced Standard of Living



Out-of-Pocket Costs with Medicare

The image features two dark purple silhouettes of a man and a woman standing side-by-side. The man is on the left, wearing a hat, and the woman is on the right. They are positioned behind a large, rounded orange rectangle that contains text.

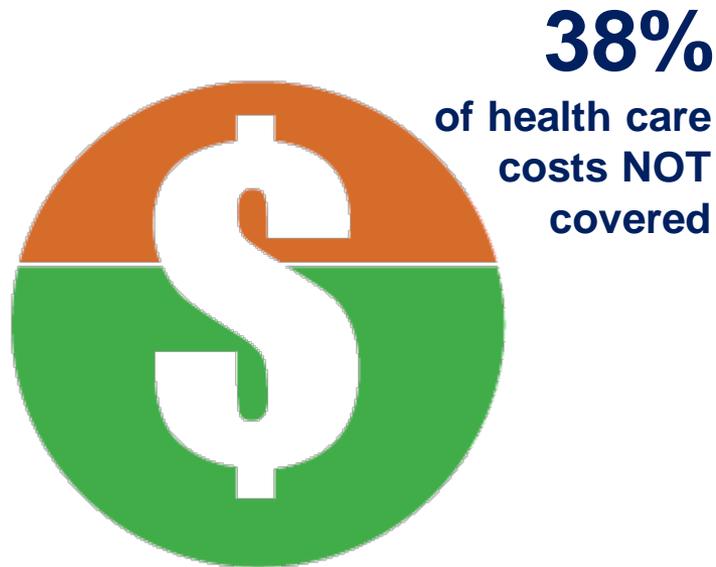
The average couple should plan to spend about **\$15,000 per year on out-of-pocket health care expense in retirement.**

Source: Employee Benefit Research Group

A decorative bar chart in the bottom right corner, consisting of several vertical bars of varying heights and colors, including red, purple, and blue.

Out-of-Pocket Costs with Medicare

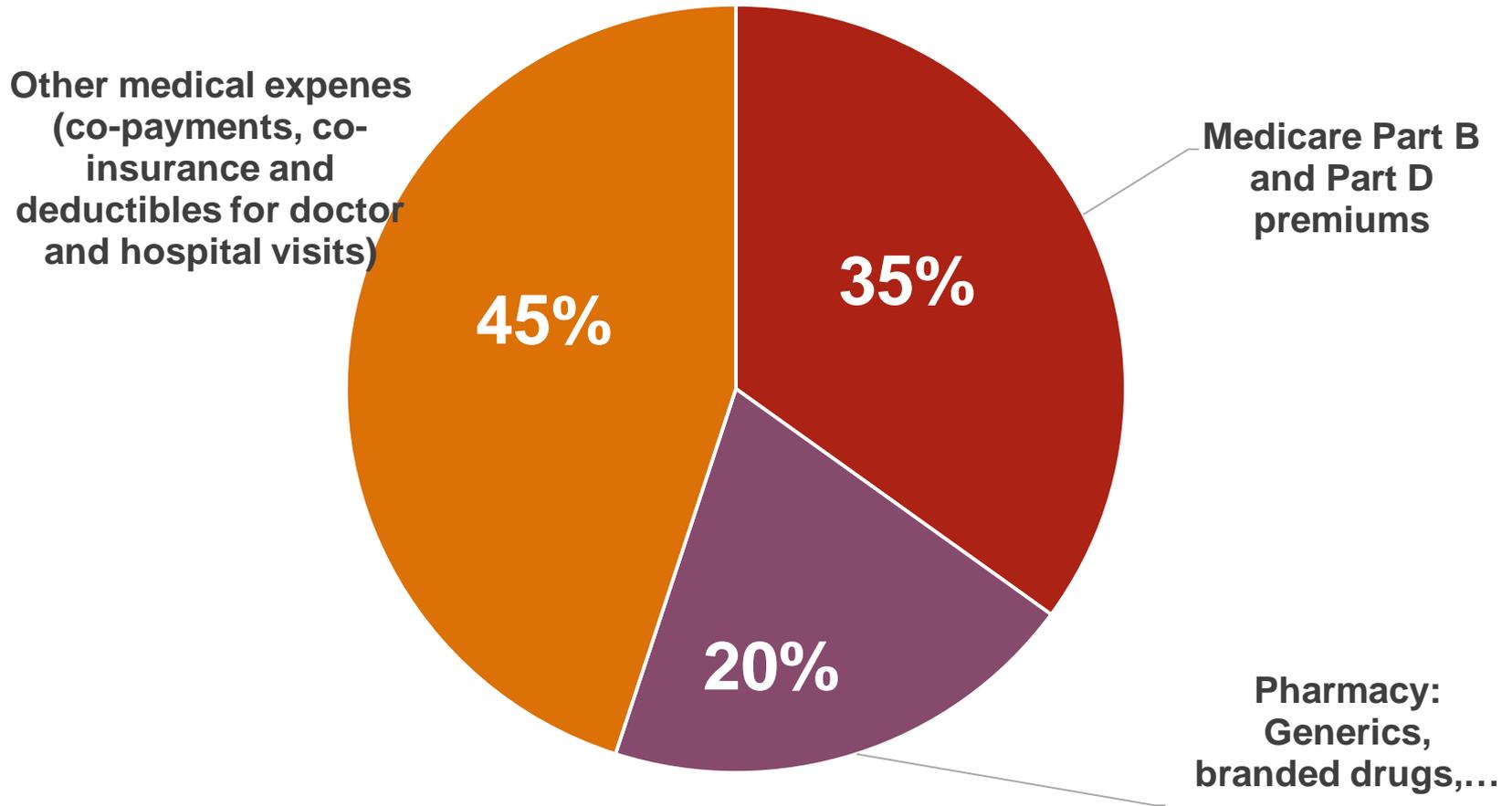
Medicare was never designed to cover health care expenses in full



Source: https://www.ebri.org/publications/notes/index.cfm?fa=notesDisp&content_id=3525



Out-of-Pocket Costs with Medicare



Source: Fidelity Benefits Consulting 2018



Tax Penalties for Being Uninsured

Thinking about going without insurance to save money?
Think again.

2018 Tax Penalty



\$695
per adult

or



2.5%
of family income

whichever is greater



Medicare Basics



Medicare Overview

Federal health insurance for:

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

You must actively enroll!



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 2016 joint tax return indicated your income was \$170,000 or less, you would pay approximately \$134.00 per person, per month in 2018.



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, coinsurance, and copayments



Supplemental Options



**Medicare
Supplemental
Insurance
(Medigap)**



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



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

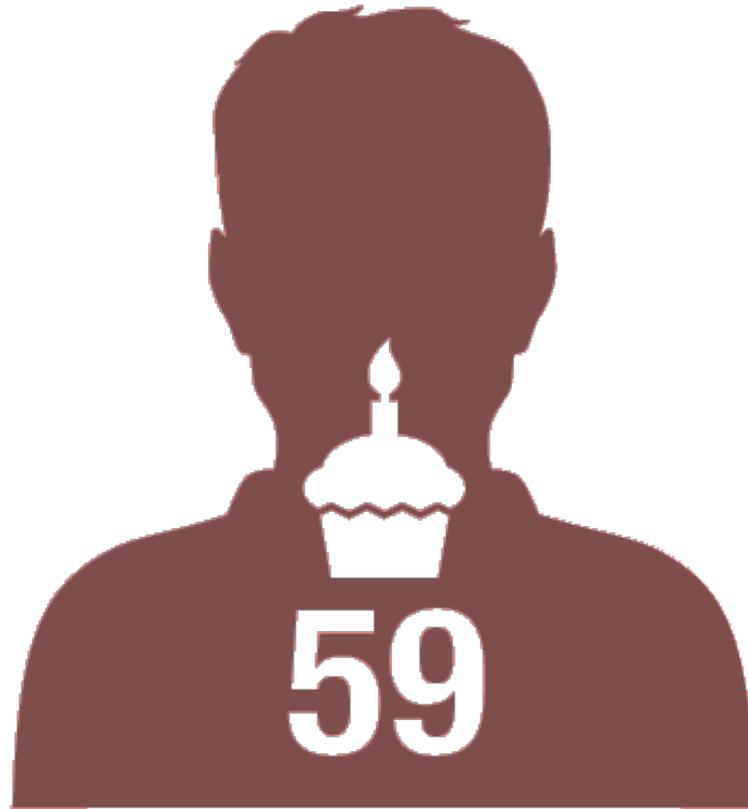


Medicare Resource

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
directly from Health Care
Savings Program



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?

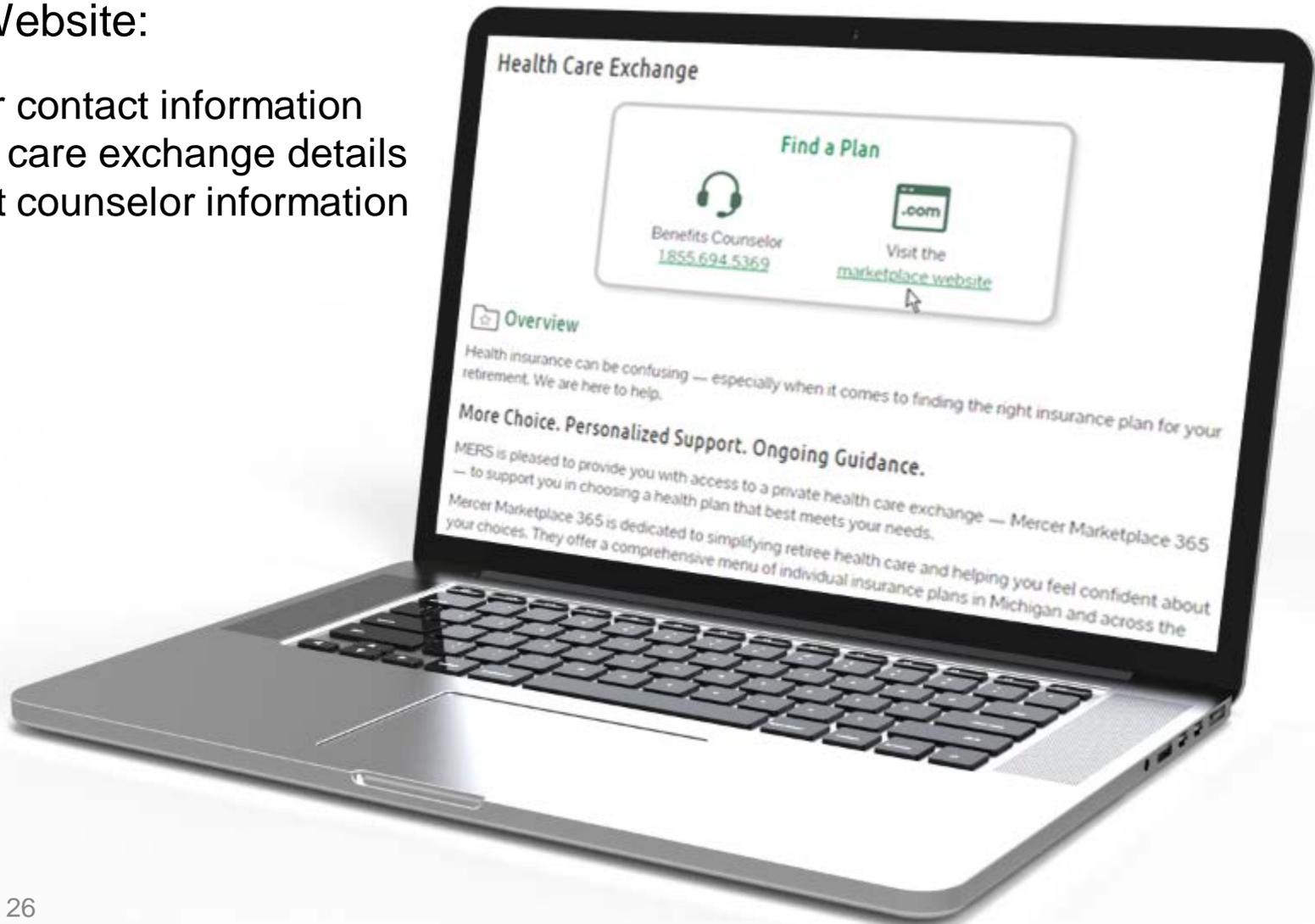
YES



Learn More

MERS Website:

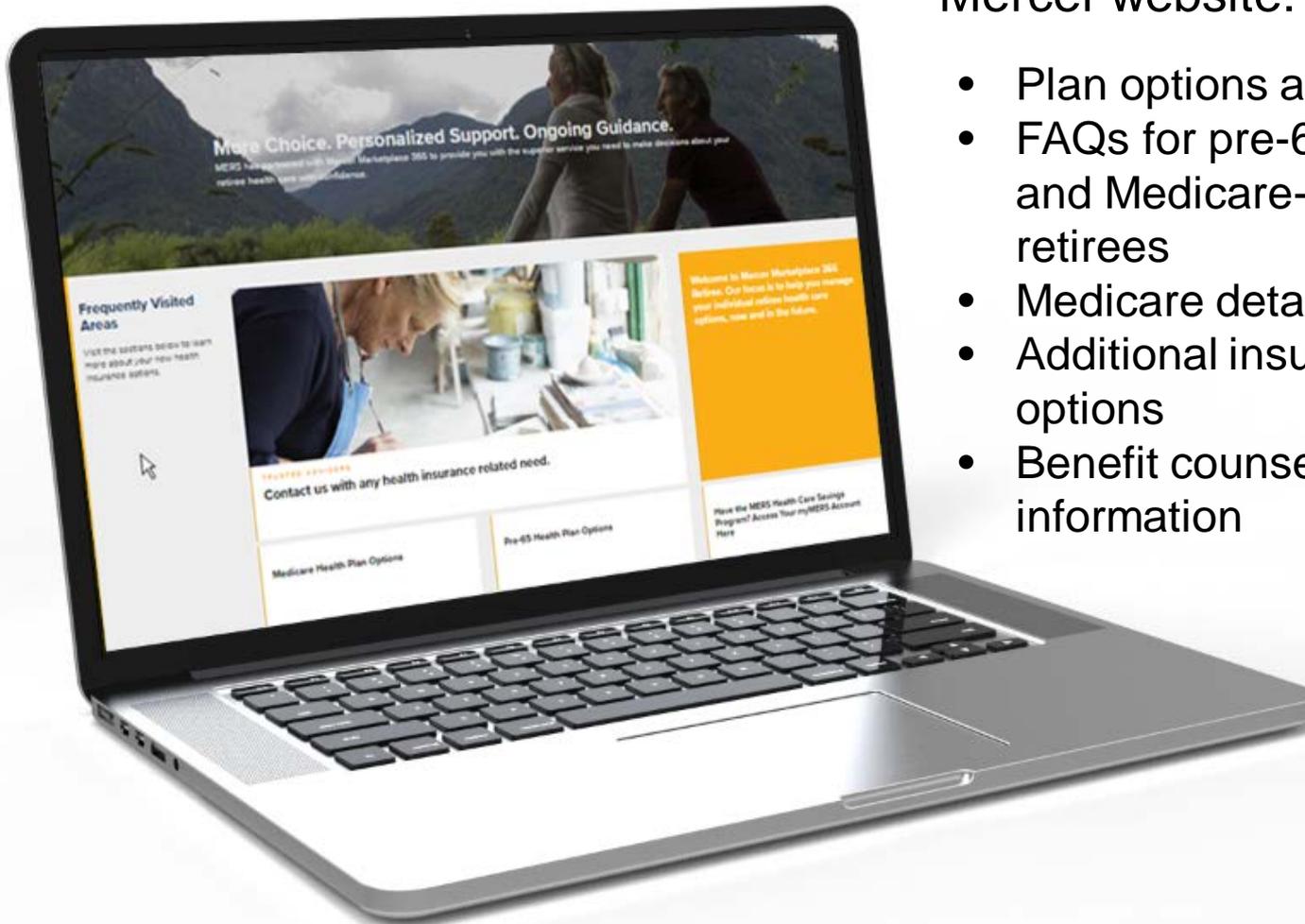
- Mercer contact information
- Health care exchange details
- Benefit counselor information



Learn More

Mercer website:

- 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

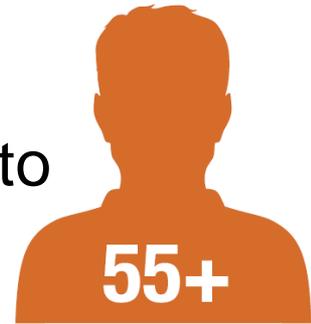


Health Care Savings Considerations



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



It's Never too Late to Save

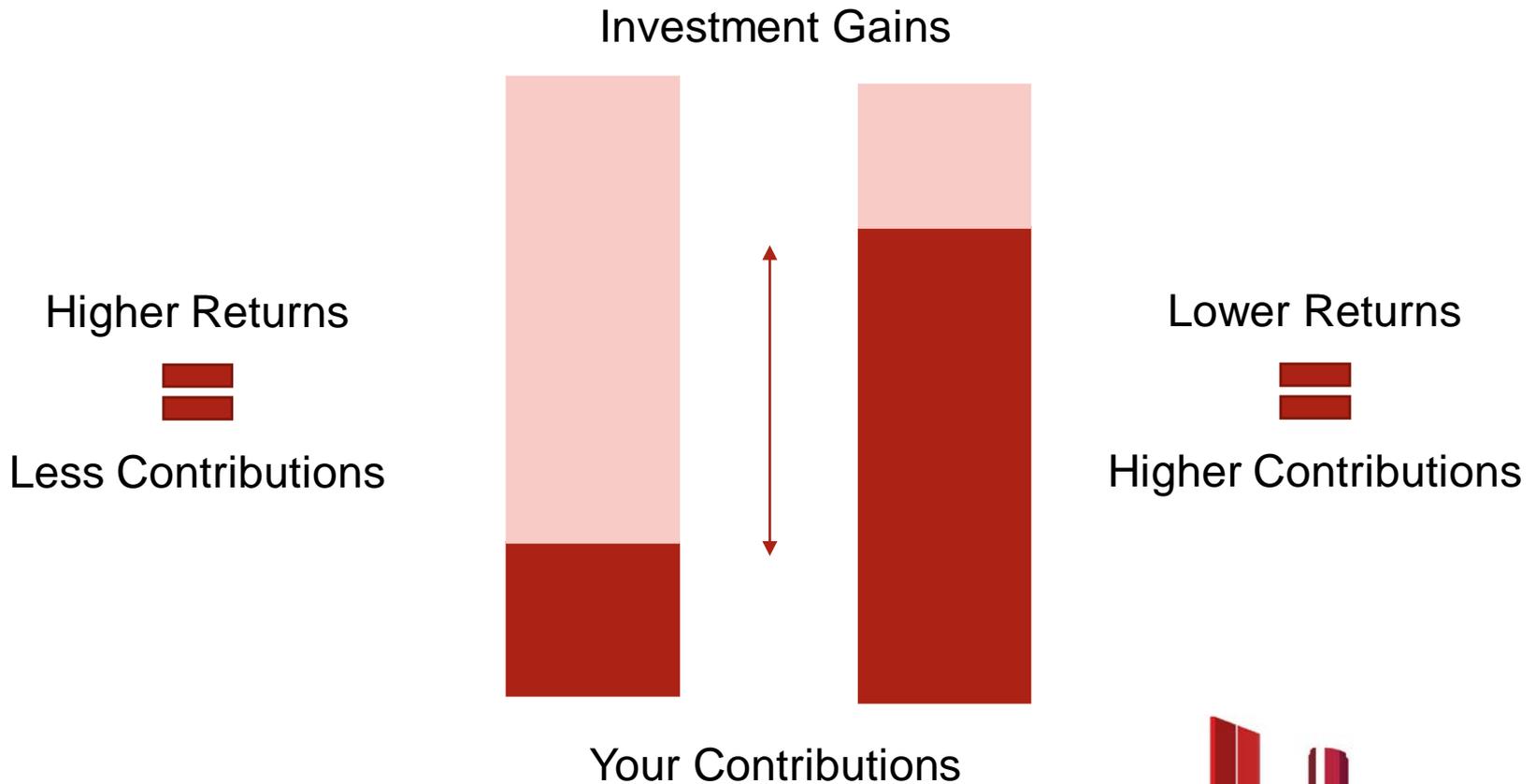
If retirement is on the horizon and you're not sure you have enough saved, consider these tips:

- Utilize the benefits of catch-up contributions
- Create a budget to track expenses; see where expenditures can be cut and turned into additional retirement savings
- Consider working a little longer



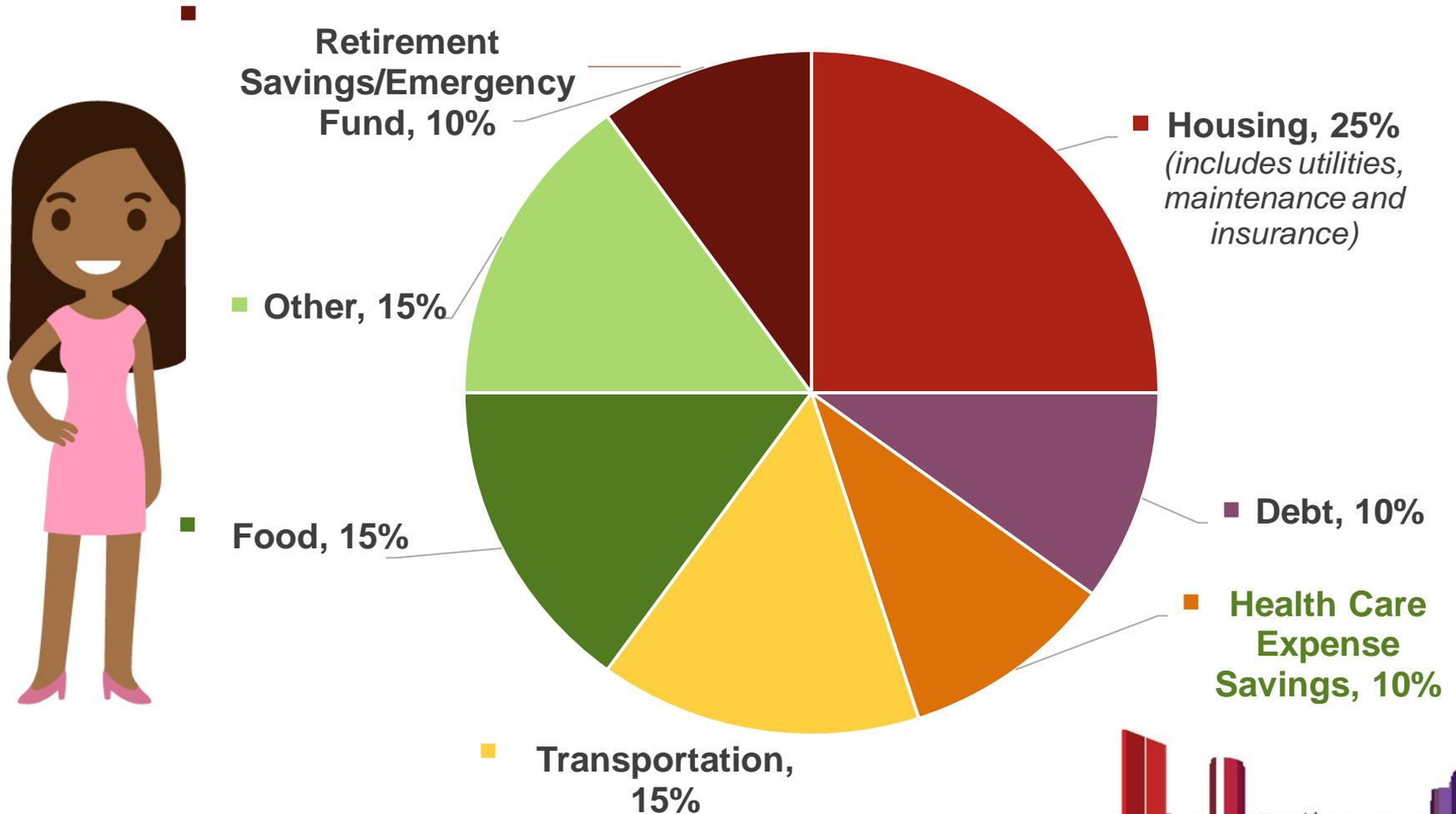
Look at your Investment Strategy

Consider investing more aggressively



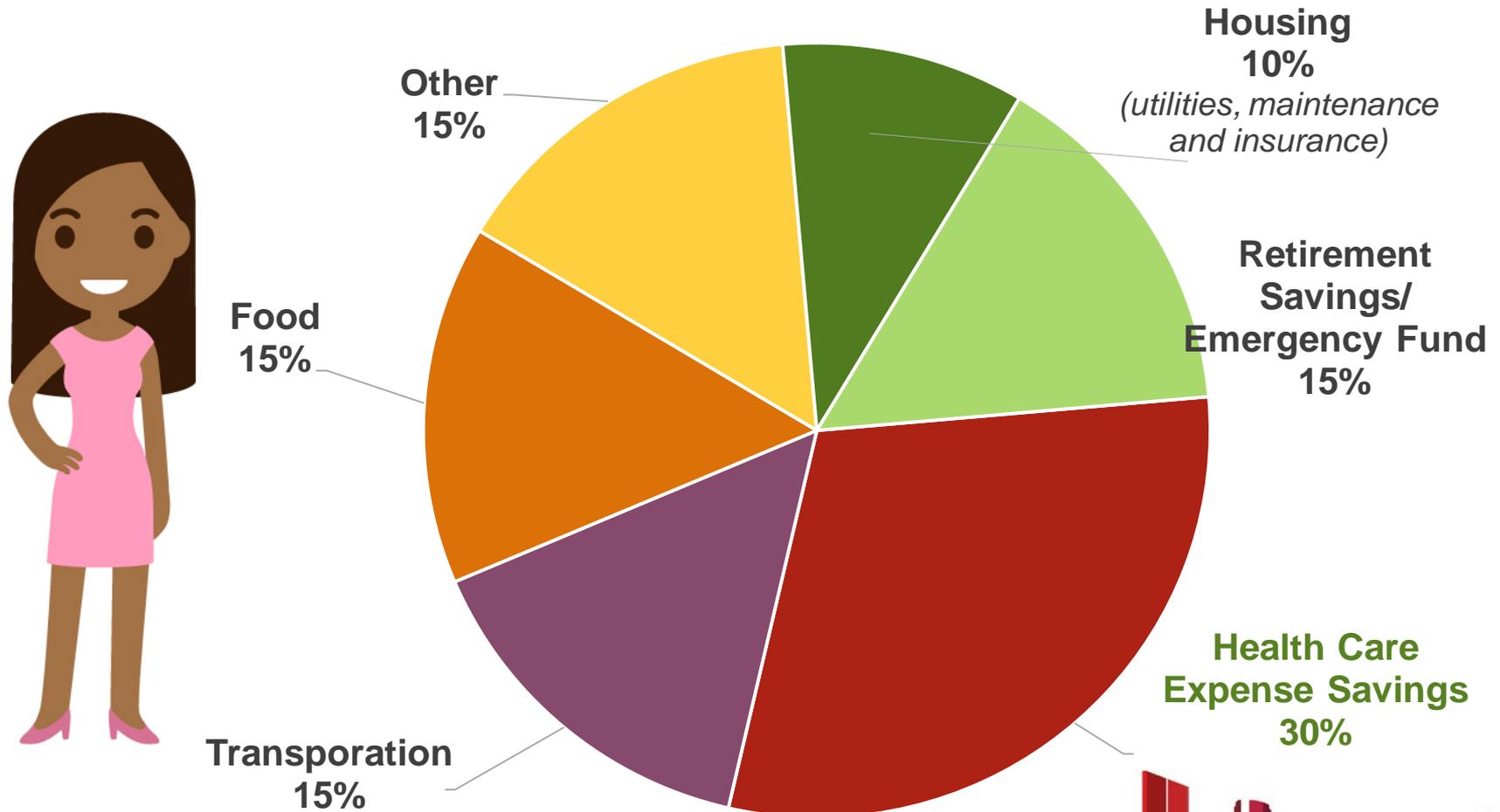
Focus on Paying Down Debt

EXAMPLE 1: TOTAL YEARLY EXPENSES WITH DEBT



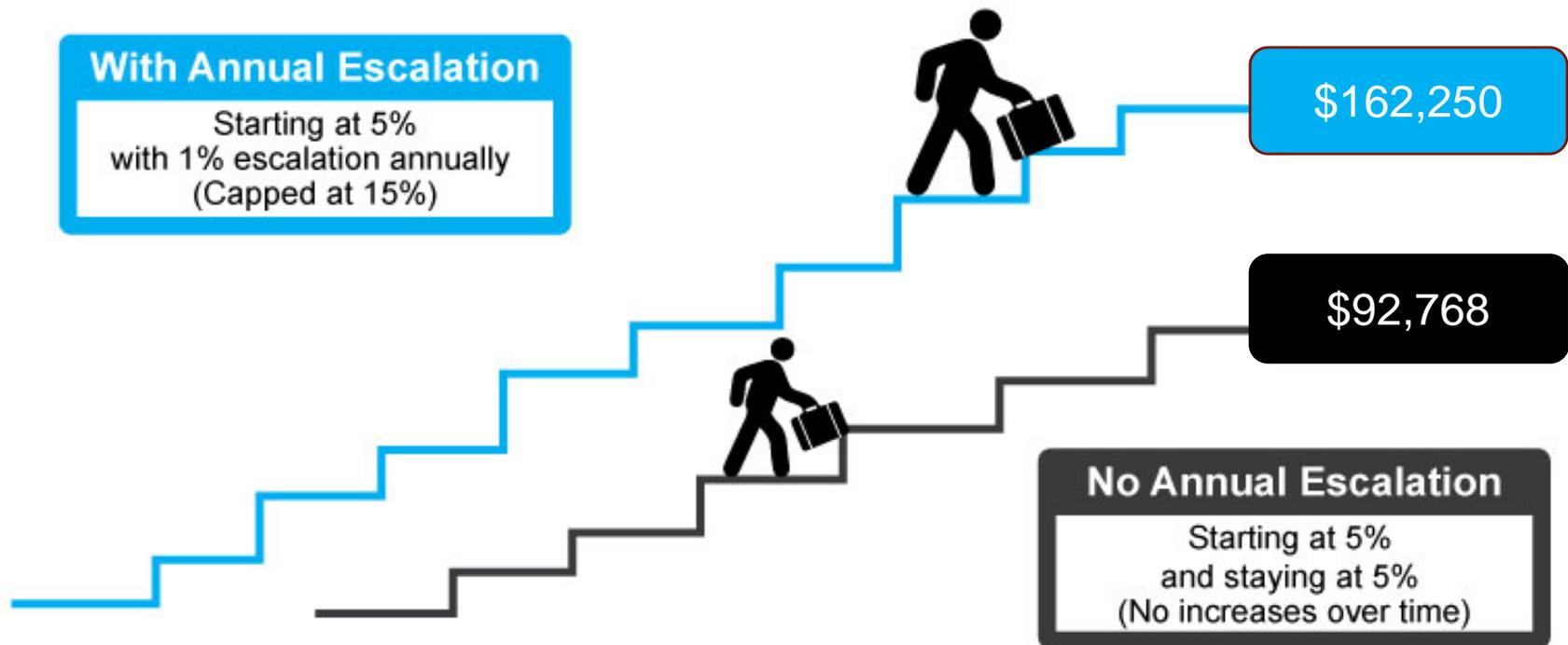
Focus on Paying Down Debt, cont'd.

EXAMPLE 2: TOTAL YEARLY EXPENSES WITH NO DEBT



Consider Annual Escalation

Small steps today can add up to a better future – even if retirement is near



Hypothetical example based on starting account balance of \$10,000, with a \$50,000 annual salary with an 7% annual return invested over 15 years



MERS of Michigan



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