

## Individual Series – Retirement Risk

*Vol. 1, No. 8 – December 15, 2015 – Edu4Retirement, Inc.*

### **Social Insurance - Medicare Changes for 2016<sup>i</sup>**

When is no increase in benefits, due to a no cost of living adjustment, cause the exiting benefits to decrease due to higher costs? When we talk Newspeak from our Social Insurances of course.

Here is the bottom line for 2016:

Many current retirees who are collecting Social Security benefits will find that their benefit checks will decrease come January 2016. Why, because the cost of Medicare went up.

Seventy percent of the collecting group will fall into the “Hold Harmless” group. The other thirty percent must absorb the legal requirement that enrollees must shoulder 25 percent of the total projected premiums or Program costs for Part B (Hospital). So the remaining 30% has to pay their entire amount of the increase. Congress did step in and say the 25% requirement is reduced to 15%.

Who are the ones that are mostly impacted?

Anyone who is delaying their filing for Social Security Benefits.

Anyone enrolling in Medicare for the first time next year.

Higher income beneficiaries already subject to an income-adjusted Part B premium.

Certain federal and state employees who don't receive Social Security and are covered by Medicare.

Individuals with Modified Adjusted Gross Income greater than \$85,000, and joint filers with more than \$170,000, will now pay \$169 monthly compared to \$146 monthly charge this year. At the highest income levels, the premiums will jump from \$335.70 to \$386.00.

Prescription Drug Prices go up too. The estimates are approximately 8% increase. There will be a big increase in 2018 as well.

### Medicare Part B Means Testing Brackets\*

Individual Filers	Joint Filers	Change in Premiums
<\$85,000	<\$170,000	None
\$85,001 to \$107,000	\$170,001 to \$214,000	38%
\$107,001 to \$160,000	\$214,001 to \$320,000	97%
\$160,001 to \$214,000	\$320,001 to \$428,000	156%
\$214,001 +	\$428,001 +	213%

\*Source Healthview Services

There is another fix for 2020 to make folks have “more skin in the game” so that some of the Medigap plans will no longer cover annual Part B deductibles for new enrollees. Medigap C and F plans will be impacted.

Here’s what the end result may be for many of us planning for retirement:

***With the cost of medical coverage estimated to increase 6% or more in the future, higher income folks will have their social security benefits confiscated over time. With increases like the above, most folks in the higher income levels can expect to pay for premiums and not collect social security benefits. A false promise for many.***

We are here to help. Michael Callahan, FSPA, EA, CPC, RMA®, CWS® and Steve Tillona, CPA are available to assist folks in the planning process.

Edu4Retirement, Inc. specializes in providing retirement education and advice to our clients along with appropriate investment products to assist in mitigating retirement risk. Please think of us when it comes to retirement planning. We appreciate your referrals.

---

<sup>1</sup> Information for this article was taken from “Medicare Changes Coming Up”, published by WealthManagement.com, Mark Miller, Thursday, November 26, 2015.