

## Upcoming Workshops

## Medicare / Health Ins

October 19th  
and  
October 20th

## No Seminars

November - January

Have a great idea for  
our next workshop?  
Let us know!

Check out our newly updated website [www.iwmpartners.com](http://www.iwmpartners.com) for upcoming events and important notices.

To request a formal invitation to one of the events above, please email Dana at [dpecenka@iwmpartners.com](mailto:dpecenka@iwmpartners.com) or by calling us at (714) 962-8000

IWM Quarterly Journal ~ Issue 11 October 2016



9550 Warner Ave Ste 300  
Fountain Valley, CA 92708  
714.962.8000  
714.962.7853 fax  
[www.IWMPartners.com](http://www.IWMPartners.com)

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

The Financial Professionals at IWM Partners are registered representatives with and securities offered through LPL Financial, member FINRA/SIPC.

### Think About Your Lifestyle Before You Retire

*Sometimes planning for retirement isn't entirely about money.*

How many words have been written about retirement? It's a preoccupation for many, and we devote so much time, thought, and energy toward saving for the last day we go to work. Saving and investing in such a way that we no longer have to work may seem ideal at first, but it raises a question: what do you have planned for all of that free time?

**What do you do with your first day?** Maybe you finally take that big vacation you've been talking about. Or, perhaps, it's time to catch up with your kids, grandkids, and other extended family. But, eventually, you come home from a vacation or a visit.



### How Can LTC Insurance Help You Protect Your Assets?

**How will you pay for long-term care?** At the moment, you may not be able to answer that question – but long-term care insurance can provide an answer for you. Why are baby boomers opting to make long-term care coverage an important part of their retirement strategies? The reasons to get an LTC policy at or after age 50 are very compelling. Your premium payments buy you access to a large pool of money which can be used to pay for long-term care costs. By paying for LTC out of that pool of money, you can help to preserve your retirement savings and income. The cost of assisted living or nursing home care alone could motivate you to pay for an LTC policy. Genworth Financial conducts a respected annual Cost of Care Survey to gauge the price of long-term care in the U.S. Here is some data from the latest edition:

\*In 2016, the median monthly cost of a private room in a nursing home is \$7,698. The median monthly cost of a semi-private room is \$6,844, 2.27% greater than Genworth's 2015 estimate.

\*How about the median monthly cost of an assisted living facility? That currently comes to \$3,628. Thankfully, that has increased only 0.8% from last year.

\*The median monthly cost of an in-home health aide (44 hours per week) is \$3,861. Across the past five years, that median cost has risen 6.6%.<sup>1</sup> When you multiply these monthly cost estimates, the math gets downright scary. Can you imagine taking \$45-90K out of your retirement savings to pay for a year of these expenses? What if you have to do it for more than one year? The Department of Health & Human Services estimates that if you are 65 today, you have about a 70% chance of needing some form of LTC during the balance of your life. About 20% of those who will require it will need LTC for at least five years. Today, the average woman in need of LTC needs it for 3.7 years, while the average man needs it for 2.2 years.<sup>2</sup>

**Why procrastinate?** The earlier you opt for LTC coverage, the cheaper the premiums. This is why many people consider purchasing it before they retire.

**What it pays for.** Some people think LTC coverage only pays for nursing home care. It can actually pay for a variety of nursing, social, and rehabilitative services at home and away from home, for people with a chronic

### This Issue:

How Can LTC Insurance Help You Protect Your Assets? **P.1**  
Moving Into A Nursing Home Facility **P.2**  
The A, B, C, & D of Medicare **P.3**  
In-Office Workshops **P.4**

illness or disability. For example, it can fund home health care, care in a group living facility, and adult daycare.<sup>3</sup>

**Choosing a DBA.** That stands for Daily Benefit Amount - the maximum amount that your LTC plan will pay per day for care in a nursing home facility. You can choose a Daily Benefit Amount when you pay for your LTC coverage, and you can also choose the length of time that you may receive the full DBA on a daily basis. The DBA typically ranges from a few dozen dollars to hundreds of dollars. Some LTC plans offer you "inflation protection" at enrollment. That means that every few years, you will have the chance to buy additional coverage and get compounding – so your pool of money can grow.

**The Medicare misconception.** Medicare is not long-term care insurance. At most, it will pay for 100 days

*Plan to create a pool of healthcare dollars that you can use when the time comes*

of nursing home care, and only if 1) you are getting skilled care, and 2) you go into the nursing home right after a hospital stay of at least 3 days. Medicare also covers limited home visits for skilled care, and some hospice services for the terminally ill.<sup>4</sup> In some cases, Medicaid might help you pay for nursing home and assisted living care, but it is basically aid for those in dire financial need. Some nursing homes and assisted living facilities don't accept it, and, for Medicaid to pay for LTC in the first place, the

care has to be proven to be "medically necessary" for the patient. Do you really want to wait until you are nearly broke to try and find a way to fund long-term care? Of course not. LTC insurance provides a way to do it.<sup>5</sup> Why not look into this? You may have heard that yearly premiums on LTC policies have increased recently. They have – as Market Watch recently noted, annual premiums for a typical policy covering a

55-year-old couple can exceed \$5,000. Those premiums are cheap, however, relative to the financial burden those without LTC policies may face in the future.<sup>6</sup>

— Jim



While many of us have that first day mapped out, it's the days that follow that we haven't really considered. In a survey conducted by Merrill Lynch and AgeWave, people who were about to retire were asked "what they would miss the most" once they left the working world. A "reliable income" was the top answer, coming in at 38%.<sup>1</sup>

When the same survey was given to people who have been retired for a while, "reliable income" was still a popular answer, but it drops down to 29%. So, what are actual retirees missing? The top answer, at 34%, was "social connections." Other prominent answers included "having purpose and work goals" (19%) and "mental stimulation" (12%).<sup>1</sup>

**Free time can be a luxury or a curse.** The results of the survey indicate that many retirees don't give much thought to what they will be doing with all of their free time. We are meant to enjoy our retirement, of course, so banishing



**When is it time?** If an elder is a) safe and content at home, b) in reasonably stable health, c) can draw on personal or family resources for in-home care, d) has a sufficient "rotation" of family or professional caregivers available so as not to exhaust loved ones, then there may be no compelling reason for that elder to enter a nursing home or assisted-living facility. If, on the other hand, an elder's health notably worsens and caregiving strains your own health, relationships and/or resources, then the time may have arrived.

**If it is time, is a nursing home really necessary?** It may not be. Keep in mind that long-term care insurance will often pay for home health aides, adult day care, and forms of at-home nursing. This is called respite care, and perhaps 10-15 hours of these services per week will do. LTC insurance covers respite care. Even without LTC coverage, this level of care may fit into your budget.<sup>1</sup>

**Will an assisted-living facility suffice?** If an elder is ambulatory and reasonably healthy, it might. Assisted-living (allowing an elder to have their own space plus quality care) costs much less than nursing home care, usually tens of thousands of dollars less annually. A Place for Mom's Senior Living Price Index estimates the savings at \$1,600-\$2,300 a month. Most people pay for it using a combination of long-term care insurance and private funds.<sup>2</sup>

**Is an assisted-living facility several steps above a nursing home?** Its marketing will tell you so; truth be told, many assisted-living facilities are comparatively brighter, more comfortable and cheaper than nursing homes. Keep in mind, however: many assisted-living facilities do not offer their residents 24/7

medical attention and costs may climb if your loved one needs or wants more than the basics in terms of care or comfort. According to Genworth's 2016 Cost of Care Survey, the median yearly cost of a semi-private room in a nursing home now exceeds \$82,000.<sup>3,4</sup>

**Are insurers raising premiums for LTC policies?** Yes, significantly. As a Money article notes, yearly premiums for the more expensive policies can now exceed \$2,300 for a 55-year-old man and \$4,406 for a 55-year-old woman. Annual premium increases of 10% or more (sometimes much more) have occurred with disturbing frequency in this decade.<sup>5</sup> Is long-term care insurance worth the cost, with the possibility that benefits may go unused? In some cases, it may not be. As CNBC notes, households with \$2 million or more in assets may not need LTC coverage at all, while those with savings of less than \$100,000 may get much of the help they need from Medicaid when the time comes.<sup>6</sup>

**Alternatives have surfaced to traditional LTC insurance coverage.** Recently, "hybrid" life insurance policies (and other life insurance products) have emerged that offer an add-on LTC benefit to consumers, for a price. Short-term care policies, while long available through certain insurance companies, are getting a second look. Some have benefit periods as long as a year, and they may be the only option for seniors with conditions that would disqualify them for an LTC policy.<sup>4,5,6</sup>

**First, let's talk about nursing homes.** Genworth's 2016 survey notes that the national median price for the typical shared room at a nursing home is \$225 per day. Imagine handling that without help from LTC insurance or Medicaid. (Medicare will not pay for long-term nursing

## Moving Into A Nursing Home Facility

### What You and Your Loved Ones Need to Know

- 1 - nextavenue.org/take-break-caregiving/ [5/16/16]
- 2 - aplaceformom.com/senior-care-resources/articles/elder-care-costs [6/29/15]
- 3 - genworth.com/about-us/industry-expertise/cost-of-care.html [4/16]
- 4 - kiplinger.com/article/insurance/T027-C000-S004-short-term-care-insurance-policies-on-the-rise.html [10/15]
- 5 - time.com/money/4250147/long-term-care-insurance-rising-premiums/ [3/8/16]
- 6 - cnbc.com/2015/01/28/weighing-the-pros-cons-of-long-term-care-coverage.html [1/28/15]
- 7 - cdc.gov/HomeandRecreationalSafety/Falls/nursing.html [6/30/15]
- 8 - aplaceformom.com/blog/4-22-15-non-and-for-profit-assisted-living/ [4/22/15]

home care or home health care.)<sup>3,5</sup> According to the Centers for Disease Control and Prevention, an elder is twice as likely to suffer a fall in a nursing home as he or she is in the community. In fact, the CDC says that the average nursing home patient suffers 2.6 falls per year and that physical restraints do nothing to reduce the risk. If you have ever visited a nursing home and noticed a preponderance of residents in wheelchairs, it may be a response to liability as much as disability. A corollary to this: if residents are discouraged from being ambulatory, their leg strength may quickly diminish.<sup>7</sup> If your parent or grandparent has known and trusted a family doctor for decades, there is a risk that the relationship may wane or end after a move to an eldercare facility. Nursing home residents are placed under the care of one or more staff physicians who more or less become their primary doctors. The rules and regulations governing care at assisted-living facilities can vary greatly among states and counties, and, while nursing home ratings are relatively easy to find online, reviews of assisted-living facilities are not. When considering an assisted-living facility, it is worth remembering that more than 80% of residential care facilities are for-profit businesses; roughly 40% of these facilities are outposts of national chains. In some cases, that can be a plus; in other cases, a minus.<sup>8</sup>

— Mico



**Parts A & B:** Original Medicare. America created a national health insurance program for seniors in 1965 with two components. Part A is hospital insurance. It provides coverage for inpatient stays at medical facilities. It can also help cover the costs of hospice care, home health care, and nursing home care – but not for long, and only under certain parameters.<sup>1</sup> Seniors are frequently warned that Medicare will only pay for a maximum of 100 days of nursing home care (provided certain conditions are met). Part A is the part that does so. Under current rules, you pay \$0 for days 1-20 of skilled nursing facility (SNF) care under Part A. During days 21-100, a \$161 daily coinsurance payment may be required of you.<sup>2</sup> If you stop receiving SNF care for 30 days, you need a new 3-day hospital stay to qualify for further nursing home care under Part A. If you can go 60 days in a row without SNF care, the clock resets: you are once again eligible for up to 100 days of SNF benefits via Part A.<sup>2</sup>

Part B is *medical insurance* and can help pick up some of the tab for physical therapy, physician services, expenses for durable medical equipment (scooters, wheelchairs), and other medical services such as lab tests and varieties of health screenings.<sup>1</sup> Part B isn't free. You pay monthly premiums to get it and a yearly deductible (plus 20% of costs). The premiums vary according to the Medicare recipient's income level; in 2016, most Medicare recipients are paying \$121.80 a month for their Part B coverage. The current

## The A, B, C, & D of Medicare

### Breaking down the basics & what each part covers.

- 1 - mymedicarematters.org/coverage/parts-a-b/whats-covered/ [6/13/16]
- 2 - medicare.gov/coverage/skilled-nursing-facility-care.html [6/13/16]
- 3 - medicare.gov/your-medicare-costs/part-b-costs/part-b-costs.html [6/13/16]
- 4 - tinyurl.com/hb1134m [6/13/16]
- 5 - medicare.gov/sign-up-change-plans/when-can-i-join-a-health-or-drug-plan/when-can-i-join-a-health-or-drug-plan.html#collapse-3192 [6/13/16]
- 6 - medicare.gov/supplement-other-insurance/medigap/whats-medigap.html [6/13/16]
- 7 - ehealthinsurance.com/medicare/part-d-cost [6/13/16]
- 8 - medicare.gov/part-d/coverage/part-d-coverage.html [6/13/16]
- 9 - medicare.gov/sign-up-change-plans/when-can-i-join-a-health-or-drug-plan/five-star-enrollment/5-star-enrollment-period.html [6/13/16]

yearly deductible is \$166.

**Part C:** Medicare Advantage plans. Insurance companies offer these Medicare-approved plans. Part C plans offer seniors all the benefits of Part A and Part B and more: many feature prescription drug coverage and vision and dental benefits. To enroll in a Part C plan, you need have Part A and Part B coverage in place. To keep up your Part C coverage, you must keep up your payment of Part B premiums as well as your Part C premiums.<sup>4</sup> To say not all Part C plans are alike is an understatement. Provider networks, premiums, copays, coinsurance, and out-of-pocket spending limits can all vary widely, so shopping around is wise. During Medicare's annual Open Enrollment Period (Oct. 15 - Dec. 7), seniors can choose to switch out of Original Medicare to a Part C plan or vice versa; although any such move is much wiser with a Medigap policy already in place.<sup>5</sup>

**How does a Medigap plan differ from a Part C plan?** Medigap plans (also called Medicare Supplement plans) emerged to address the gaps in Part A and Part B coverage. If you have Part A and Part B already in place, a Medigap policy can pick up some copayments, coinsurance, and deductibles for you. Some Medigap policies can even help you pay for medical care outside the United States. You have to pay Part B premiums in addition to Medigap plan premiums to

keep a Medigap policy in effect. These plans no longer offer prescription drug coverage.

**Part D:** prescription drug plans. While Part C plans commonly offer prescription drug coverage, insurers also sell Part D plans as a standalone product to those with Original Medicare. As per Medigap and Part C coverage, you need to keep paying Part B premiums in addition to premiums for the drug plan to keep Part D coverage going.<sup>7</sup> Every Part D plan has a formulary, a list of medications covered under the plan. Most Part D plans rank approved drugs into tiers by cost. The good news is that Medicare's website will determine the best Part D plan for you. Go to [medicare.gov/find-a-plan](http://medicare.gov/find-a-plan) to start your search; enter your medications and the website will do the legwork for you.<sup>8</sup>

**Part C & Part D plans are assigned ratings.** Medicare annually rates these plans (one star being worst; five stars being best) according to member satisfaction, provider network(s), and quality of coverage. As you search for a plan at [medicare.gov](http://medicare.gov), you also have a chance to check out the rankings.<sup>9</sup>

— Shawn



**"Retirement" doesn't mean "not working."**

Not everyone is geared toward making their life about core pursuits. You may find that you miss working, or that you simply need or desire a little more income. Maybe you find that a part-time job is ideal for supplementing your retirement income? Or, perhaps, you have an idea for a small business that you've always wanted to pursue?

Whatever path you take, it's important to consider the options open to you once your time is finally your own. You've worked most of your life for it, so enjoying yourself during retirement should be a priority.

— Barbie



## Fun Facts

- \* Natural gas has no smell, the odor is artificially added so that people are able to identify leaks
- \* It takes about 540 peanuts to make a 12 oz. jar of peanut butter
- \* Elephants, sloths, hippos and rhinos are the only animals that can't jump
- \* When cranberries are ripe, they bounce like a rubber ball
- \* The most popular dog breed in American for 25 consecutive years is the Labrador Retriever

<sup>1</sup> - fool.com/retirement/general/2016/04/01/think-youre-ready-to-retire-not-until-you-read-thi.aspx [4/1/16]