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**The Tax Man Has Nothing On Us:
A Deep Dive Retirement Series**

Session 2
June 30, 2025




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**Diving Into Social Security,
Medicare and Long-Term Care**

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June 30, 2025

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Objectives

- High level look at Social Security.
- High level look at Medicare.
- High level look at long-term care/health care costs.



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• SAVVY SOCIAL SECURITY PLANNING

A Shallow Dive Into Social Security



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COLA in Perspective

1990	4.70%	2002	2.60%	2014	1.50%
1991	5.40%	2003	1.40%	2015	1.70%
1992	3.70%	2004	2.10%	2016	0.00%
1993	3.00%	2005	2.70%	2017	0.03%
1994	2.60%	2006	4.10%	2018	2.00%
1995	2.90%	2007	3.30%	2019	2.80%
1996	2.60%	2008	2.30%	2020	1.60%
1997	2.90%	2009	5.80%	2021	1.30%
1998	2.10%	2010	0.00%	2022	5.90%
1999	1.30%	2011	0.00%	2023	8.70%
2000	2.50%	2012	3.60%	2024	3.20%
2001	3.50%	2013	1.70%	2025	2.50%

Average historical COLA: 2.6% • Trustees' projected COLA: 2.4%

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2025
Earnings
Test
Threshold

▶ Earnings test applies to people who are under FRA, receiving benefits, and work

▶ 2025 threshold: \$23,400, up from \$22,320

▶ \$1 in benefits will be withheld for every \$2 earned over \$23,400

▶ If you are receiving benefits and turn FRA in 2025, \$1 will be withheld for every \$3 earned over \$62,160


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Taxable Earnings
Cap Rises Annually

▶ Maximum earnings subject to Social Security tax: \$176,100 in 2025, up from \$168,600

See this for the formula:
www.ssa.gov/oact/cola/cbbdet.html




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Taxation of Social Security Benefits		
Filing status	Provisional income*	Amount of SS subject to tax
Married filing jointly	Under \$32,000	0
	\$32,000–\$44,000	Up to 50%
Single, head of household, qualifying widow(er), married filing separately & living apart from spouse	Under \$25,000	0
	\$25,000–\$34,000	Up to 50%
Married filing separately and living with spouse	Over \$34,000	Up to 85%
Married filing separately and living with spouse	Over 0	85%

*Provisional income = AGI + one-half of SS benefit + tax-exempt interest

What's New: RMDs

- ▶ IRA required minimum distributions (RMDs) now start at age 73, 75 if born after 1959.
- ▶ New IRS life expectancy table allows you to take a bit less
- ▶ RMDs might bump you into a higher tax bracket



What Would It Take To Restore Solvency to the System?

- Reform Proposals Being Studied
 - 1 Increase maximum earnings subject to Social Security tax (currently \$176,100 in 2025)
 - 2 Raise the normal retirement age (currently 66 for individuals born between 1943 and 1954; 67 for those born in 1960 or later)
 - 3 Lower benefits for future retirees (escalate benefits based on increases in consumer prices rather than wages)
 - 4 Reduce cost-of-living adjustments (COLAs)


Will Congress Address Social Security This Year?

- ▶ Maybe
 - Watch “The Social Security 2100 Act” introduced by John Larson (D-CT). May come to a vote this year. Would restore full solvency without affecting benefits for current retirees
- ▶ Probably not
 - Social Security not a priority in Congress
 - Benefits not in immediate danger

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A Shallow Dive Into Medicare – Three Key Points




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- KEY POINT #1:

If you do not enroll in Medicare on time, you will pay a monthly penalty.
The penalty is permanent.




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- KEY POINT #2:

If you do not get the right private insurance to go with Medicare, you may pay too much in premiums or out-of-pocket costs.




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- KEY POINT #3:

If you do not plan for higher health care costs in retirement, you could run out of money or not be able to get the care you need.



2025 Monthly Premiums for Parts B & D Including Income Related Adjustment Amounts						
MAGI Single	MAGI Joint	MAGI Married filing separately and living with spouse	Part B monthly premium paid to Medicare	Part B IRMAA paid to Medicare	Part D IRMAA paid to Medicare	Total Parts B & D premium
≤\$106,000	≤\$212,000	≤\$106,000	\$185.00	\$0.00	\$0.00	\$185.00
\$106,001–\$133,000	\$212,001–\$266,000		\$185.00	\$74.00	\$13.70	\$272.70
\$133,001–\$167,000	\$266,001–\$334,000		\$185.00	\$185.00	\$35.30	\$405.30
\$167,001–\$200,000	\$334,001–\$400,000		\$185.00	\$295.90	\$57.00	\$537.90
\$200,001–\$499,999	\$400,001–\$749,999	\$106,001–\$393,999	\$185.00	\$406.90	\$78.60	\$670.50
≥\$500,000	≥\$750,000	≥\$394,000	\$185.00	\$443.90	\$85.80	\$714.70


These do not include premiums for Drug Plans, Medicare Supplement, or Medicare Advantage plans

What if You Don't Enroll in Medicare on Time?

- ▶ You may pay late-enrollment penalties.
- ▶ Your health care expenses may not be covered by insurance.
- ▶ Your private insurance options may be limited.

Who Is Eligible for Medicare?

- ▶ **Everyone over 65**
 - All U.S. citizens
 - Legal residents who have lived in the U.S. continuously for at least 5 years
- ▶ **Some people under 65** who are eligible for Social Security disability benefits




How Do You Enroll in Medicare?

- ▶ If you are not receiving Social Security when you turn 65:
 - Must sign up through Social Security Administration during a Medicare enrollment period
 - **Initial enrollment period:**
If you are not covered by a group plan at 65
 - **Special enrollment period:**
If you are covered by a group plan at 65
 - **General enrollment period:**
If you missed your initial or special enrollment period

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How to Sign Up for Medicare Parts A & B



Go to www.ssa.gov

Apply For Medicare Benefits

OR

Call Social Security at 800-772-1213

For general information about eligibility, go to:
www.medicare.gov/MedicareEligibility

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How to Sign up for Medicare Part D

- 1 Decide if you want

Original Medicare
(Parts A & B + D)

If original Medicare, shop for standalone prescription drug plan (PDP) offered through a private insurer.


Medicare Advantage Plan
(Part C)

If enrolling in Medicare Advantage plan with drug coverage (MAPD), shop for plan.
- 2 Apply for Part D through the private insurer or through Medicare at www.medicare.gov or 1-800-MEDICARE (633-4227). Even if you don't take any meds now, you should enroll.

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When Your Coverage Starts

If you sign up:	Coverage starts:
Before the month you turn 65	The month you turn 65
The month you turn 65	The next month
1 month after you turn 65	The next month
2 or 3 months after you turn 65	The next month



Source: www.medicare.gov/basics/get-started-with-medicare/sign-up/when-does-medicare-coverage-start

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Review of Enrollment Periods

Initial Enrollment Period

For everyone age 65 who is not covered by an employer-sponsored group plan that covers 20 or more employees

- Best time to sign up: 3 months before 65th birthday
- Coverage starts 1st of month turn 65

Special Enrollment Period

For everyone over 65 who is covered as a current worker or a spouse of a current worker under a large (≥20 employees) group plan

- Best time to sign up: Before coverage ends
- Coverage starts first of month of enrollment (if enroll no later than month after coverage ends) or first of month following enrollment if later

General Enrollment Period

For everyone over 65 who missed the initial enrollment period

- Runs Jan. 1–March 31
- Coverage starts the month after you enroll

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Dates to Watch

- ▶ Jan. 1 – March 31
 - Medicare Advantage disenrollment period—can switch from MA plan to original Medicare (first make sure you can get a supplemental policy—may be subject to underwriting)
 - Medicare general enrollment period—if missed initial or special enrollment period, can enroll in Medicare now. Coverage will start the month after enrollment

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More Dates to Watch

- ▶ October 15 – December 7
 - Annual open enrollment period
 - If you have Medicare Advantage: Can switch plans, effective Jan. 1, 2026
 - If you have original Medicare: Can switch drug plans, effective Jan. 1, 2026
 - Plans change! Compare current plan with others available in your area. Make the switch by Dec. 7, 2025

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Medigap (Supplemental) Plans

Medigap Benefits	A	B	C	D	F	G	K	L	M	N
Medicare Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Medicare Part A deductible		100%	100%	100%	100%	100%	50%	75%		100%
Medicare Part B deductible			100%		100%					
Medicare Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%

* Starting in 2020, Plans C and F are not be available to people new to Medicare
 * For Plans K and L, after you meet your out-of-pocket yearly limit and Part B deductible, the Medigap plan pays 100% of covered services for the rest of the calendar year. Out-of-pocket limits: Plan K \$7,020; Plan L \$3,610
 * Plan N pays 100% of the Part B coinsurance, except for some copayments.
 Source: www.medicare.gov/supplement-other-insurance/compare-medigap/compare-medigap.html

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What Supplemental Insurance May Cover in Full or Part

▶ Deductibles and coinsurance amounts, such as:

- The Part A deductible
- Hospital costs after 60 days
- The 20% of doctor bills that Medicare doesn't pay
- Amounts the doctor charges over the Medicare-approved amount


▶ Prescription drugs

- The deductible (maybe)
- Most of the cost of certain drugs during initial benefit period and catastrophic coverage period (but not donut hole)

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Medicare Advantage Plans




- ▶ Health plan options approved by Medicare
- ▶ Also called Medicare Part C
- ▶ Run by private companies
- ▶ Medicare pays amount for each member's care
- ▶ May have to use network doctors or hospitals
- ▶ Plan may include prescription drug coverage
- ▶ May include extra benefits like vision or dental
- ▶ Benefits and cost-sharing may be different

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What Medicare Does Not Cover




- ▶ Long-term care
- ▶ Care delivered outside the U.S.
- ▶ Dental care
- ▶ Vision care
- ▶ Hearing aids
- ▶ Cosmetic surgery
- ▶ Acupuncture and other alternative care
- ▶ Amounts over Medicare-approved amount
- ▶ Amounts not covered by deductibles and coinsurance (20%)

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Part 3: A Shallow Dive Into Higher Health Care Costs in Retirement



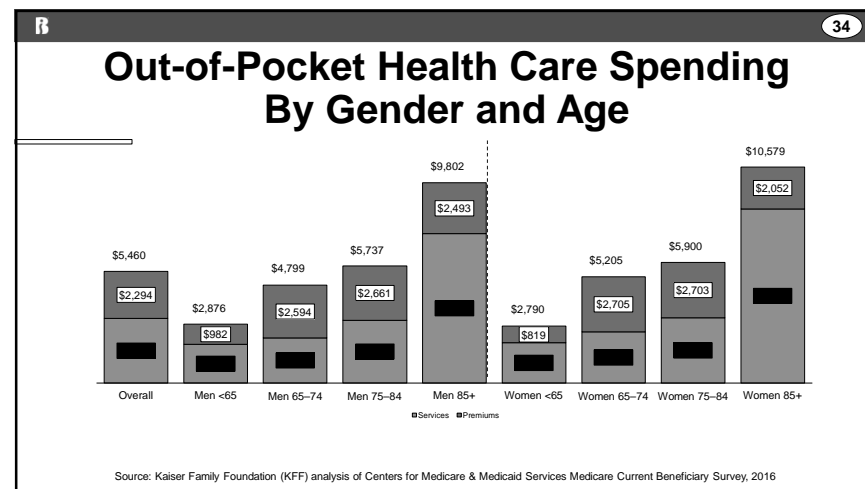
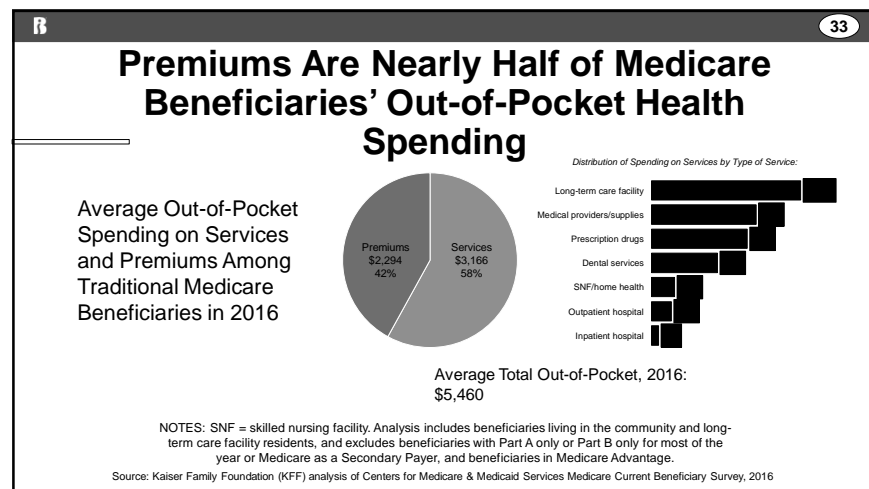
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Planning for Future Health Care Costs



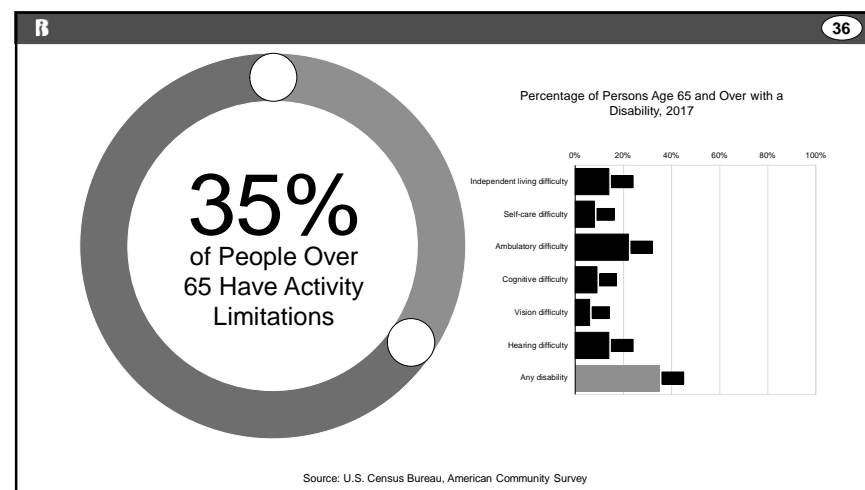
According to this source...	You will need to have this much at the start of retirement to pay for future medical expenses, not including long-term care
Fidelity	\$330,000 for couples
Employee Benefit Research Institute	\$184,000 for men \$217,000 for women \$351,000 for couples
Your own customized analysis	???



Planning for Long-term Care

- ▶ Long-term care is not covered by Medicare or Medicaid
- ▶ **Skilled nursing care:** No coverage after 100 days (average is 28 days)
- ▶ **Help with activities of daily living:** No coverage at all

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What Are the Costs of Long-Term Care Today?

Type of Care	Cost (U.S. median)
Homemaker services	\$189 per day
Home health aide services	\$207 per day
Adult day health care	\$95 per day
Assisted living facility	\$176 per day
Semi-private room in nursing home	\$285 per day
Private room in nursing home	\$320 per day


Daily Median Costs, National, 2023
Source: Genworth Cost of Care Survey




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Summary





- We've briefly reviewed Social Security issues.
- We've briefly reviewed Medicare and IRMAA brackets.
- We've briefly reviewed Long-term Care.



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Questions




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THANK YOU






**Email Questions or Comments
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