



MEDICARE PLANNING EQUALS Successful Retirement Planning

By Rick Barnett

Medicare is the United States national health insurance program to which all Social Security recipients who are either over 65 years of age or permanently disabled are eligible.

Medicare is not a welfare program and should not be confused with Medicaid. The income and assets of a Medicare beneficiary are not a consideration in determining eligibility or benefit payment. Coverage under Medicare is like that provided by private insurance companies: it pays a portion of the cost of medical care. Often, deductibles and co-insurance (partial payment of initial and subsequent costs) are required of the beneficiary.

Medicare has two substantive coverage components, Part A and Part B. Part A covers inpatient hospital care, hospice care, inpatient care in a skilled nursing facility, and home health care services. Part B covers medical care and services provided by doctors and other medical practitioners, home health care, durable medical equipment, and some outpatient care and home health services.

An application for Social Security benefits will trigger automatic enrollment in both Medicare Part A and Part B. However, since participation in Part B is voluntary and requires the payment of a monthly premium, individuals are offered an opportunity to decline enrollment in this part of the program. A person not entitled to Medicare by virtue of Social Security benefits must make a separate application for Medicare and agree to pay monthly premiums.

Enrollment and Coverage

If you're not already getting retirement or disability benefits, you may sign up for Medicare during your "Initial Enrollment Period," the three months before your 65th birthday, your birth month, and the three months after. You can sign up for Medicare even if you don't plan to retire at age 65. This period is referred to as the "initial enrollment period."

Enrollment in the first three months of the initial enrollment period will result in coverage beginning on the first day of the first month in which the individual attains age 65. Enrollment in the month in which the individual attains age 65 will result in coverage beginning in the following month. Enrollment during the month following will result in coverage beginning on the first day of the second month following the month in which the individual enrolls. Enrollment in one of final two months of the initial enrollment period will result in coverage beginning on the first day of the third month following the month in which the individual enrolls.

There is also a "general enrollment period" which occurs in the first three months of each year. An individual who fails to enroll during his initial period of eligibility can only enroll in Part B of Medicare during this general period (and may be required to pay a 10% premium surcharge for late enrollment) Enrollment in Part A can take place at any time and coverage can be retroactive up to six months unless the individual must purchase Part A coverage. If an individual must purchase coverage, enrollment in Part A can only occur during the initial or general enrollment period and coverage will begin on July 1 of that year. Similarly, for beneficiaries enrolling in the general enrollment period Part B coverage will not begin until July 1 of that year.

ENROLL ONLINE: You may also enroll online at www.ssa.gov. Click "Online Services" and then "Apply for Benefits." The application process can take less than 10 minutes.

Rick Barnett, Barnett Financial & Tax, is our Expert Contributor in your sister magazine Grand Blanc Living as our Retirement Specialist and we thank him for allowing us to bring this article to you.

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Few things are more important than your health, especially as you prepare for and enter into retirement. With health care costs rising and Americans living longer, the decisions you make about plans and supplemental coverage could have major consequences on your lifestyle and future.

**We understand that and want to help.
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800.425.7044 | myteam@bfandt.com | www.bfandt.com
GRAND BLANC MAIN OFFICE: 8323 Office Park Drive | Grand Blanc, MI 48439
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