

2024

Advanced Sales Forum

Navigating the Changing Tides

# Social Security & Medicare Update 2024



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**MassMutual - Boston**

## Disclaimer

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The purpose of this session is to provide generalized background and context about Social Security, Windfall Elimination Provision and the Government Pension Offset, and Medicare. Meeting attendance will not make you a subject matter expert.

**It is important for pre-retirees to acquire as much information as possible in order to make an informed Social Security claiming decision because one year after a Social Security claiming decision is made, it is very difficult to be changed.**

Congress has changed laws impacting Social Security and Medicare benefits in the past and can do so at any time in the future.



# Agenda

- Part 1
  - Social Security Overview
  - Various Claiming Strategies
  - Income Tax
  - SSA.GOV Website Changes
- Part 2
  - Windfall Elimination Provision and Government Pension Offset
  - Medicare Basics
  - IRMAA Rules

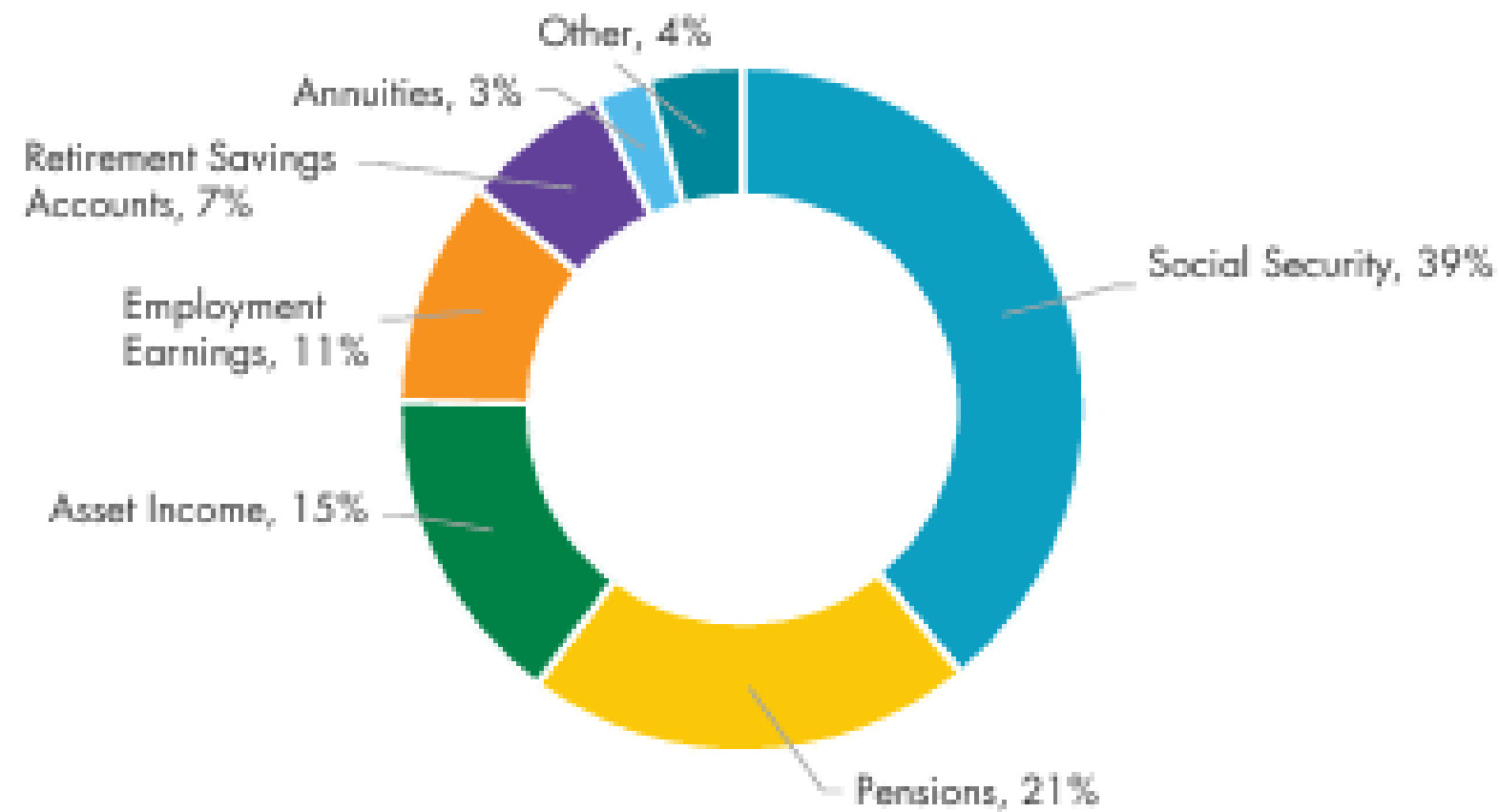


# Retirement Income By Source – Retired Households in the US

## SECTION ONE: Review of the U.S. Retirement Market

FIGURE 5

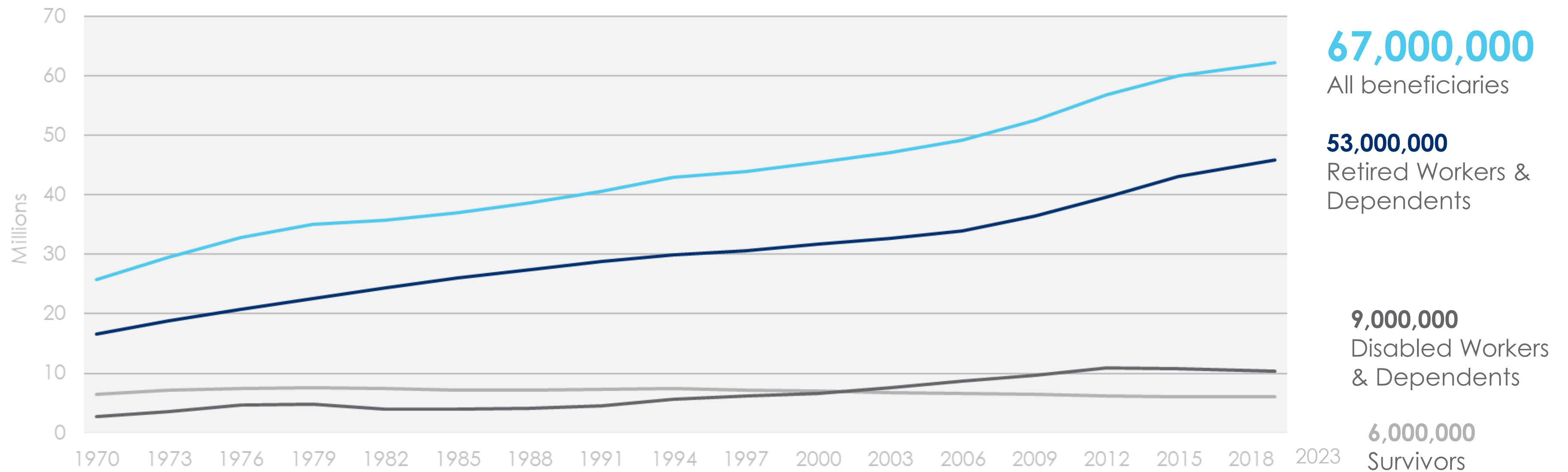
### Individual Retirement Income – by Source



Source: LIMRA2022 U.S. Census Bureau- March 2021 Supplement

## Social Security as of December 2023 (Trustees Report 2024)

**More than 67 million beneficiaries**  
Paid +/- \$116 billion each month!



Source: Social Security Administration: Office of the Actuary, Status of the Social Security and Medicare Programs, a Summary of the 2023 Annual Report [The 2024 OASDI Trustees Report \(ssa.gov\)](https://www.ssa.gov/oa/2024-trustees-report)

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## How is Social Security funded?

### FICA Payroll taxes. (Federal Insurance Contributions Act)

	<b>SOCIAL SECURITY</b>	<b>MEDICARE*</b>	<b>TOTAL</b>
<b>Employee pays:</b>	6.20% of income up to the taxable wage base	1.45% of income	<b>7.65%</b>
<b>Employer pays:</b>	6.20% of income, up to the taxable wage base	1.45% of income	<b>7.65%</b>
<b>Self-employed:</b>	12.4% of net earnings, up to the taxable wage base	2.9% of entire net earnings	<b>15.30%</b>

\*An additional 0.9% Medicare tax applies to earned income that exceeds \$200,000 (\$250,000 if filing jointly) in Medicare taxes

Social Security Wage Base for **2024- \$168,600**

[www.ssa.gov/OACT/COLA/cbb.html](http://www.ssa.gov/OACT/COLA/cbb.html)

# The OASDI Trust Fund (FICA Tax + Interest + Income Tax) 2023 Update



**2023 Activity**  
183 million paying  
into system!

**\$1,351**  
Billion in



**\$1,392**  
Billion out

**Social Security Trust Fund**

**\$2,788 billion**

2023 year-end balance

Source: Social Security Administration 2024 Trustees Report

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## The OASDI Trust Fund – The Long-Term View 2024 Trustees Report Update



2021

Reserves tapped to pay benefits



2035

+/- 16% to 20% benefit reduction for current and future recipients!

Combined funds Projection

Source: [The 2024 OASDI Trustees Report – Combined funds \(ssa.gov\)](https://ssa.gov)

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## Some Solvency Options

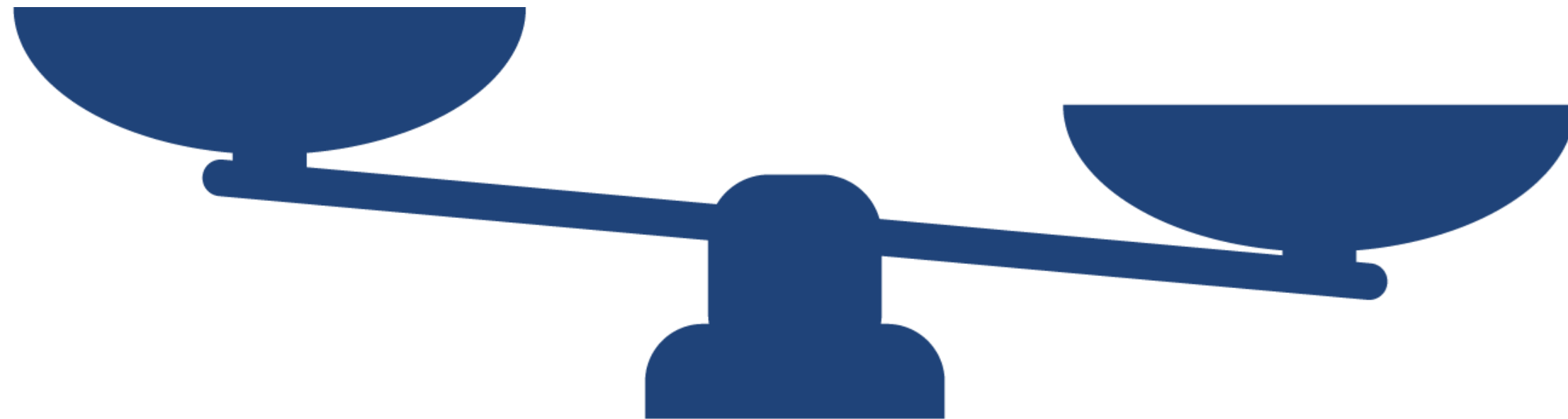
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### RAISE REVENUES?

- Lift earnings cap to raise taxes
- Increase future contribution rates

### REDUCE BENEFITS?

- Raise retirement age (63 +)
- Use different CPI formula for COLA



**Social Security may change, but it's not likely to go away!**

## Important Terms to Remember

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### **Full Retirement Age (FRA)**

- Currently age 66 for those born between 1943–1954
- Slowly rises to age 67 for those born 1960 or later

### **Primary Insurance Amount (PIA)**

- *The Retirement Estimator*  
([www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator))



## Full Retirement Age

### Year of Birth                      Full Retirement Age (FRA)

1943-1954 .....	66
1955 .....	66 and 2 months
1956 .....	66 and 4 months
1957 .....	66 and 6 months
1958 .....	66 and 8 months
1959 .....	66 and 10 months
1960 and later .....	67

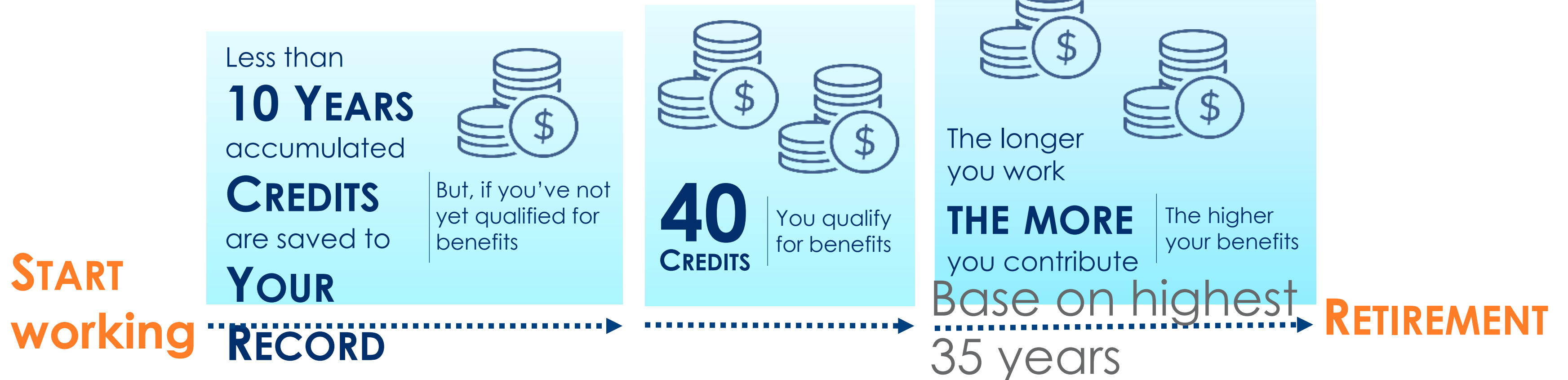
Source: Social Security Administration



## How Individuals Qualify

- Income needed in **2024** to earn 1 credit: \$1,730
- Maximum of 4 credits per year: \$6,920

*The amount an individual contributes and how long they work determines how much they get.*



Source: Social Security Administration Benefits Planner: Retirement Credits at <http://www.ssa.gov/retire2/credits.htm>

How much will I get?

\$

## YOUR BENEFIT AMOUNT

CLAIMING  
AGE



EARNINGS  
HISTORY



MARITAL  
STATUS



LONGEVITY



FOUR KEY VARIABLES

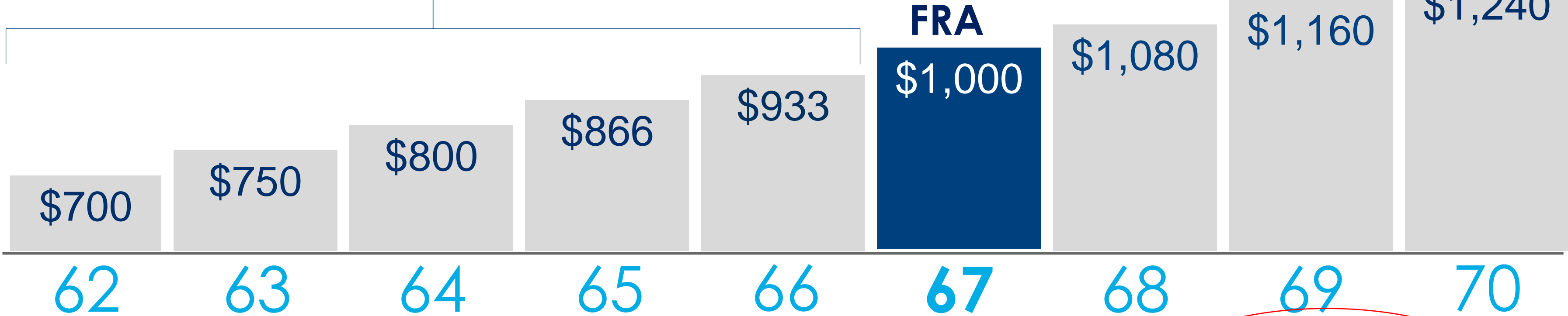
# When to file?

## Monthly benefit amounts by start age

Assumes a monthly benefit of \$1,000 at full retirement age of 67

Earlier

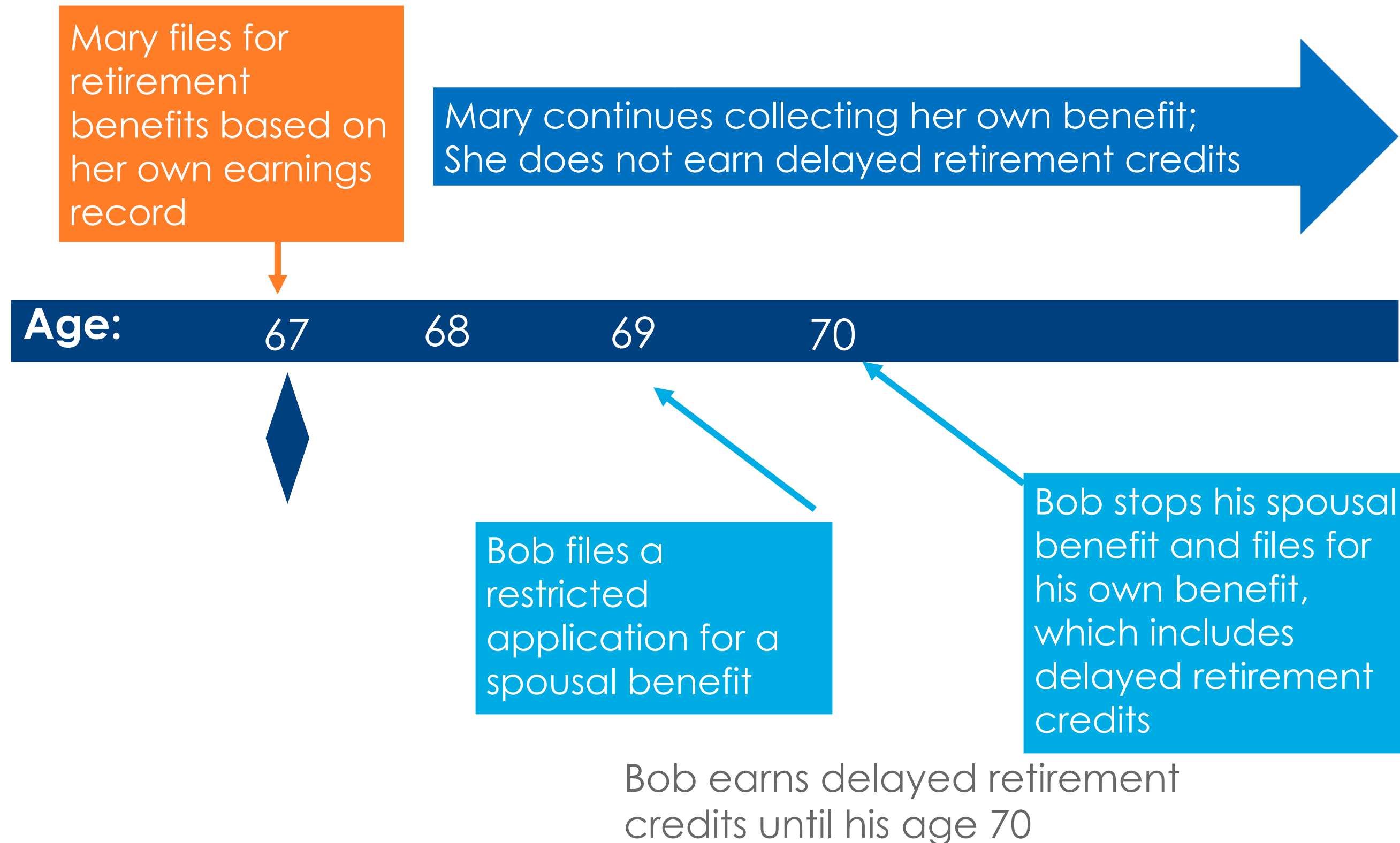
Later



\$700 vs. \$1,240  
A monthly benefit difference of 77%!

Source: Social Security Administration  
Publication No. 05-10147 | ICN 480136 | When to Start Receiving Retirement Benefits  
<https://www.ssa.gov/pubs/EN-05-10147.pdf>

## What is the Restrict Filing Strategy?







# Restricted filing: Now a closed window of opportunity for spousal benefits

Must be born prior to 1-2-1954

## Meet Bob and Mary

- Both are age 62 and still working
- Each is in good health; longevity runs in their families
- Full retirement age for each is 67
- Full retirement age benefit: **Bob, \$2,800;**  
**Mary, \$2,000**



Hypothetical example used for illustrative purposes only.

# Bob and Mary have many filing choices

SS PRO
**Social Security Pro**
Help

Bob and Mary Public Seminar 2023
Save
Print

**Bob is 62** **Mary is 62**

Bob's monthly benefit at full retirement age (FRA) \$2,800

Mary's monthly benefit at full retirement age \$2,000

Bob lives to: 90

Mary lives to: 92

Rate of return/discount rate: 3.0%

Social Security cost of living adjustment: 2.5%

**Retirement Earnings Test Warning**  
If you are younger than full retirement age and earning more than the retirement earnings test exempt amount, your benefits might be reduced.

★ Ages for Maximum Benefits	
Bob starts benefits at age	70
Mary starts benefits at age	70
File for Benefits	<a href="#">How to file</a>
Present Value of Benefits	\$1,379,207
<b>Difference</b>	<b>\$307,351</b>

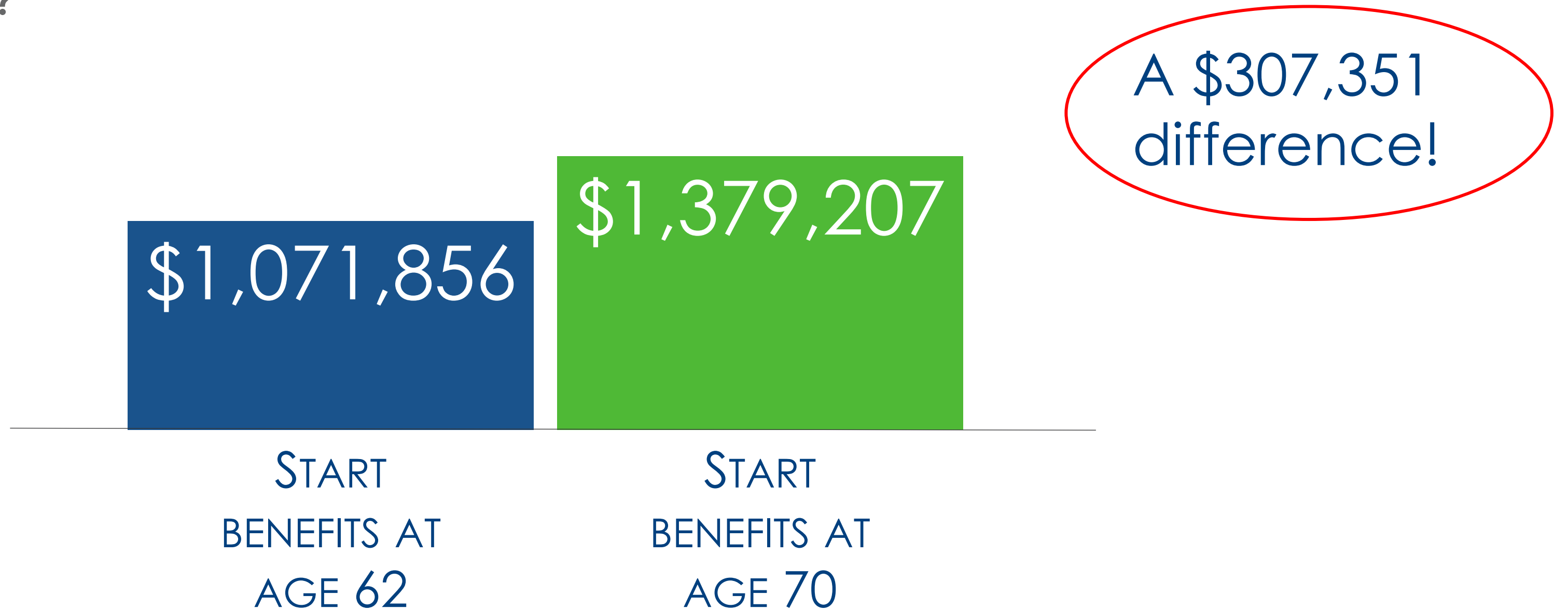
🎯 Alternative Ages	
Bob starts benefits at age	62
Mary starts benefits at age	62
File for Benefits	<a href="#">How to file</a>
Present Value of Benefits	\$1,071,856

U.S. Patent No. D688,687. © 2012-2022 Zuryc, Inc. All Rights Reserved
← Previous    Next →

Projections include an annual 2.5% COLA

## Bob and Mary

Sooner or later?



Projections include an annual 2.5% COLA and present value discount rate of 3%.



# Bob and Mary Filing at Full Retirement Age

SS PRO Social Security Pro
Bob and Mary Public Seminar 2023
Save Print

**Bob is 62** **Mary is 62**

Bob's monthly benefit at full retirement age (FRA) \$2,800

Mary's monthly benefit at full retirement age \$2,000

Bob lives to: 90

Mary lives to: 92

Rate of return/discount rate: 3.0%

Social Security cost of living adjustment: 2.5%

**Total Benefits**

Highest

Lowest

Age not possible

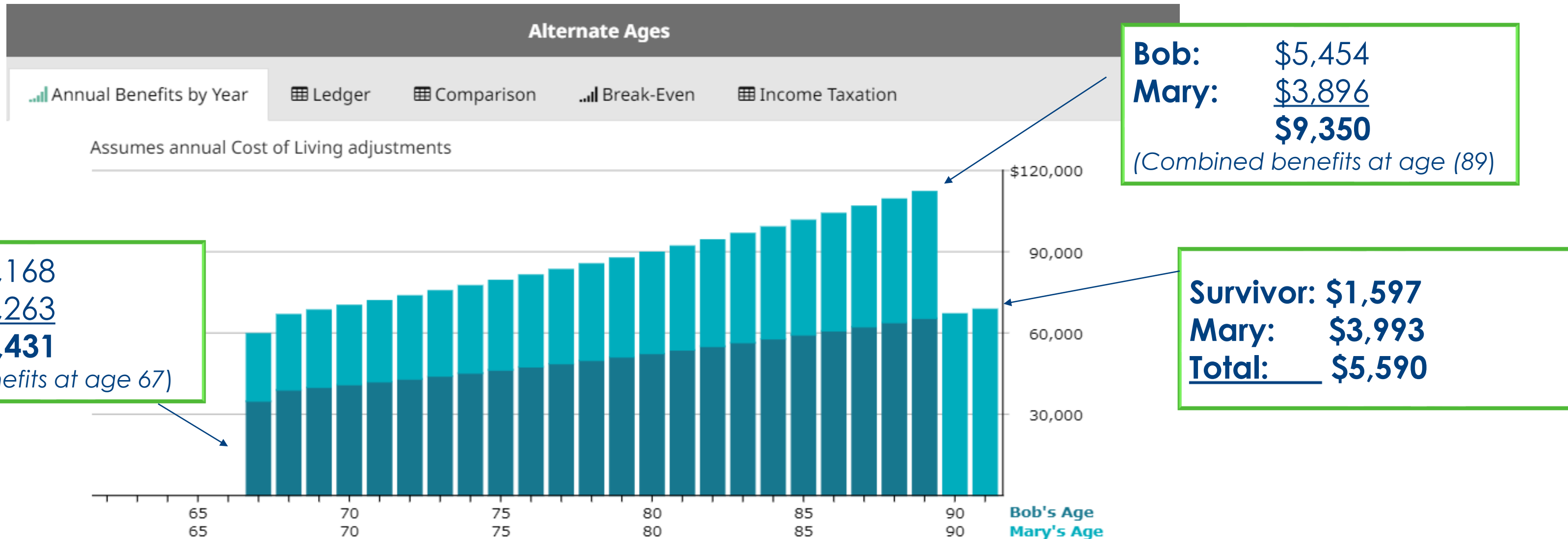
★ Ages for Maximum Benefits	🎯 Alternative Ages
Bob starts benefits at age 70	Bob starts benefits at age 67
Mary starts benefits at age 70	Mary starts benefits at age 67
File for Benefits <a href="#">How to file</a>	File for Benefits <a href="#">How to file</a>
Present Value of Benefits <b>\$1,379,207</b>	Present Value of Benefits <b>\$1,280,012</b>
<b>Difference</b>	<b>\$99,195</b>

U.S. Patent No. D688,687. © 2012-2022 Zuryc, Inc. All Rights Reserved
← Previous    Next →

Projections include an annual 2.5% COLA & 3% present value discount

# Monthly Benefits by Year

## FRA Filing Strategy @ Age 67



Year	Name	Age	Monthly Benefits				Mid-year Change			
			Retirement	Spousal	Survivor	Total Monthly	Total Annual	At start of year	Changed in	At end of year
2027	Bob	67	\$3,168			\$3,168	\$34,848	\$0	February 2027	\$3,168
	Mary	67	\$2,263			\$2,263	\$24,893	\$0	February 2027	\$2,263
	<b>Combined</b>		\$5,431			\$5,431	\$59,741			

Download Values

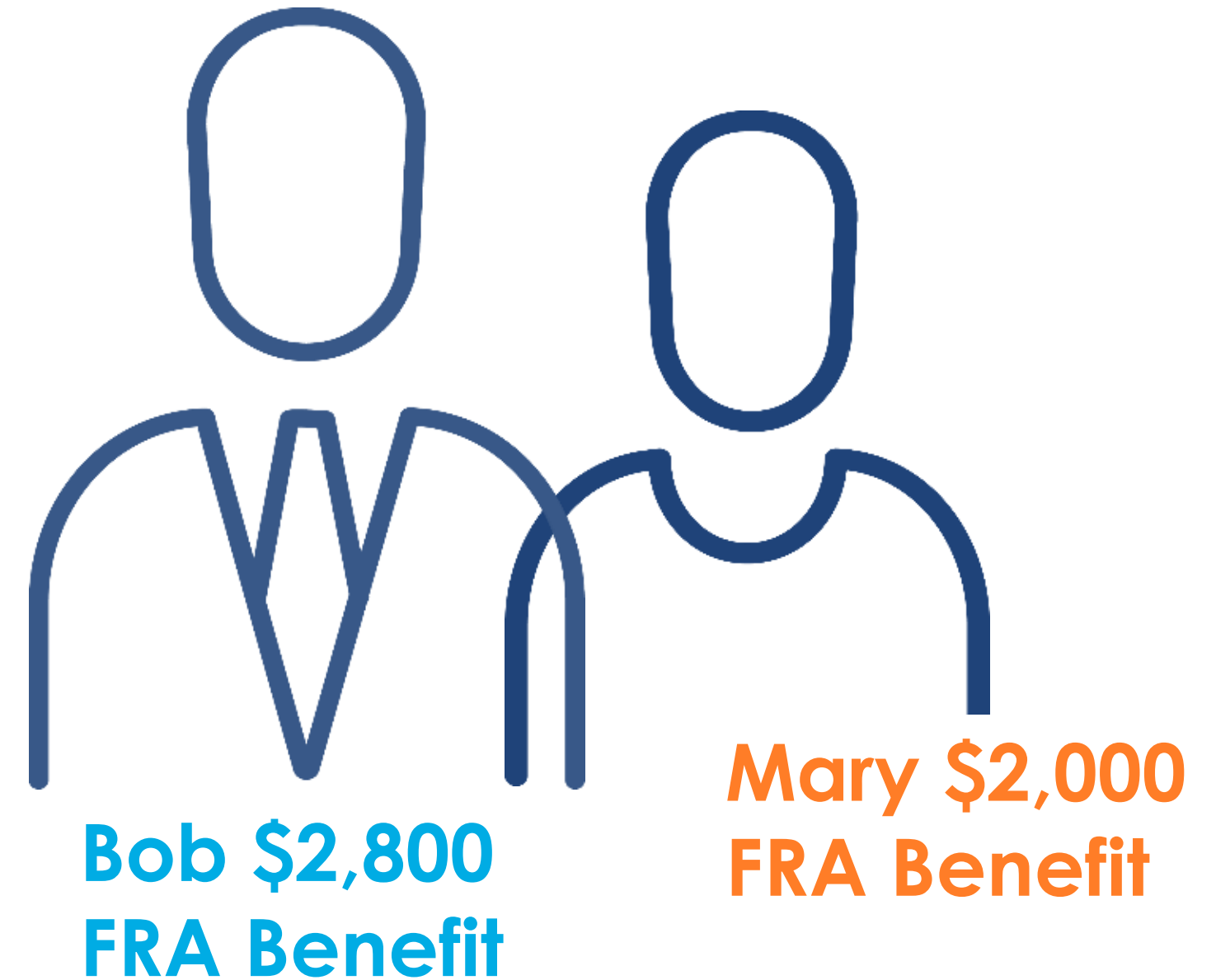
Close

Includes an annual 2.5% COLA.

## Bob and Mary - A “Split Strategy” Alternative

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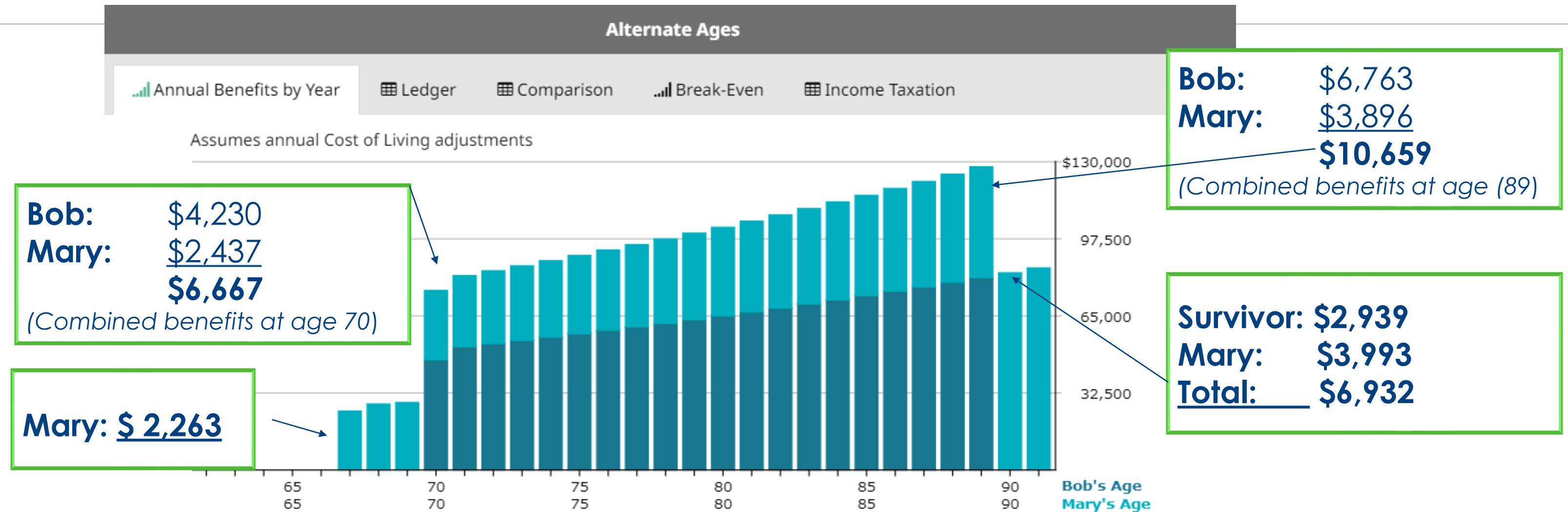
- Bob will keep working to age 70 and earn the maximum in delayed retirement credits of 8% per year simple interest.
- Mary would like to start benefits sooner at full retirement age to support their lifestyle.



Hypothetical example used for illustrative purposes only.

# Split Strategy @ Age 67 & 70

# Monthly Benefits by Year



Year	Name	Age	Monthly Benefits			Mid-year Change				
			Retirement	Spousal	Survivor	Total Monthly	Total Annual	At start of year	Changed in	At end of year
2027	Bob	67	\$0			\$0	\$0			
	Mary	67	\$2,263			\$2,263	\$24,893	\$0	February 2027	\$2,263
	<b>Combined</b>		\$2,263			\$2,263	\$24,893			

[Download Values](#)
[Close](#)

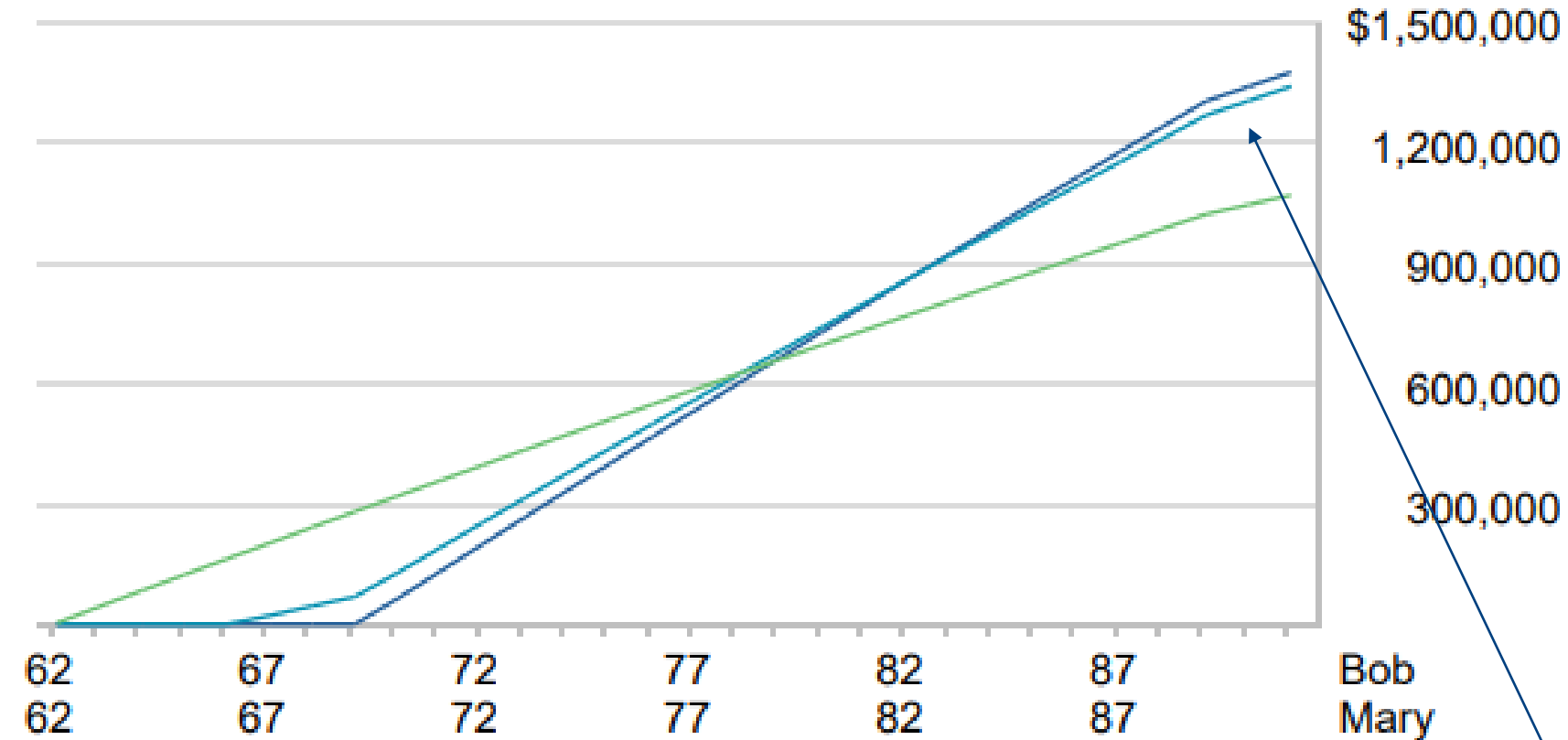
Includes an annual 2.5% COLA.



There are many choices – Which one is Best??

## Comparison of Strategies

PRESENT VALUE OF BENEFITS



- ★ Maximum **\$1,379,207**
- ✓ Selected **\$1,343,700**
- ① Alternative **\$1,071,856**

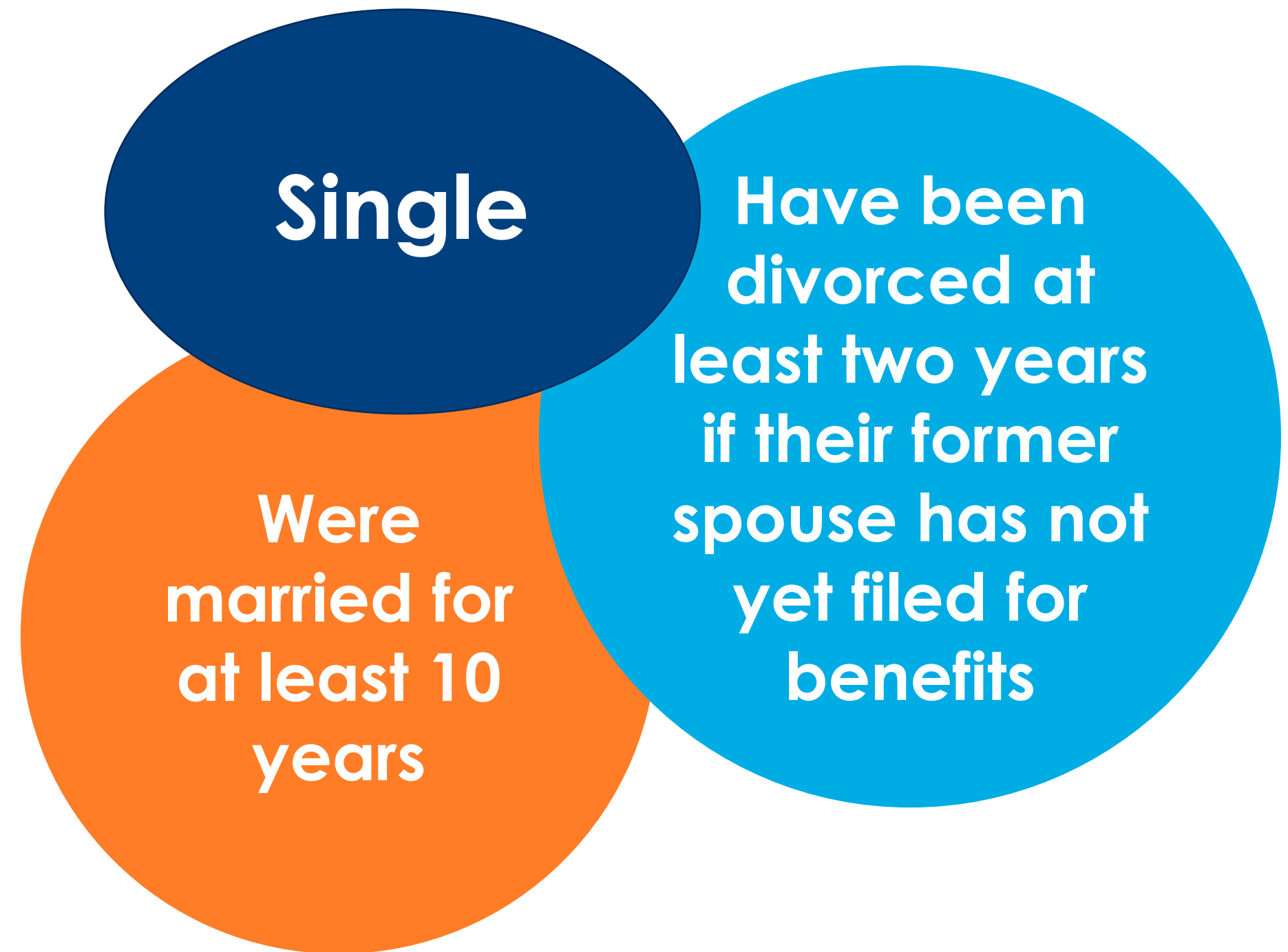
The Split Strategy is close to the maximum!

Includes an annual 2.5% COLA.

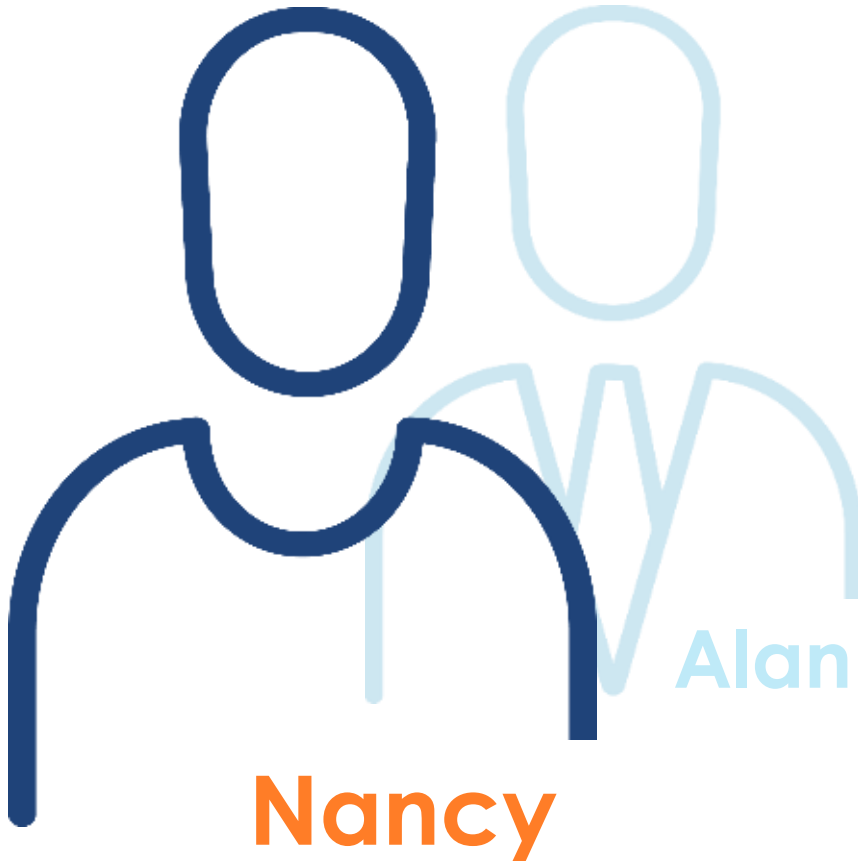
## How can someone divorced benefit from an ex-spouse?

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Divorced spouses check three boxes to qualify



# Meet Nancy—Divorced with a low benefit amount



## Nancy

**Marital Status:** Divorced Age 67

**Work status:** Working – Wants to retire at 67

**FRA benefit:** \$1,000

## Ex-husband, Alan

**Age:** 67

**Marital Status:** Divorced

**Work status:** Actively working

**FRA benefit:** \$3,000

**Nancy and Allen were married for 18 years and divorced 5 years ago.**

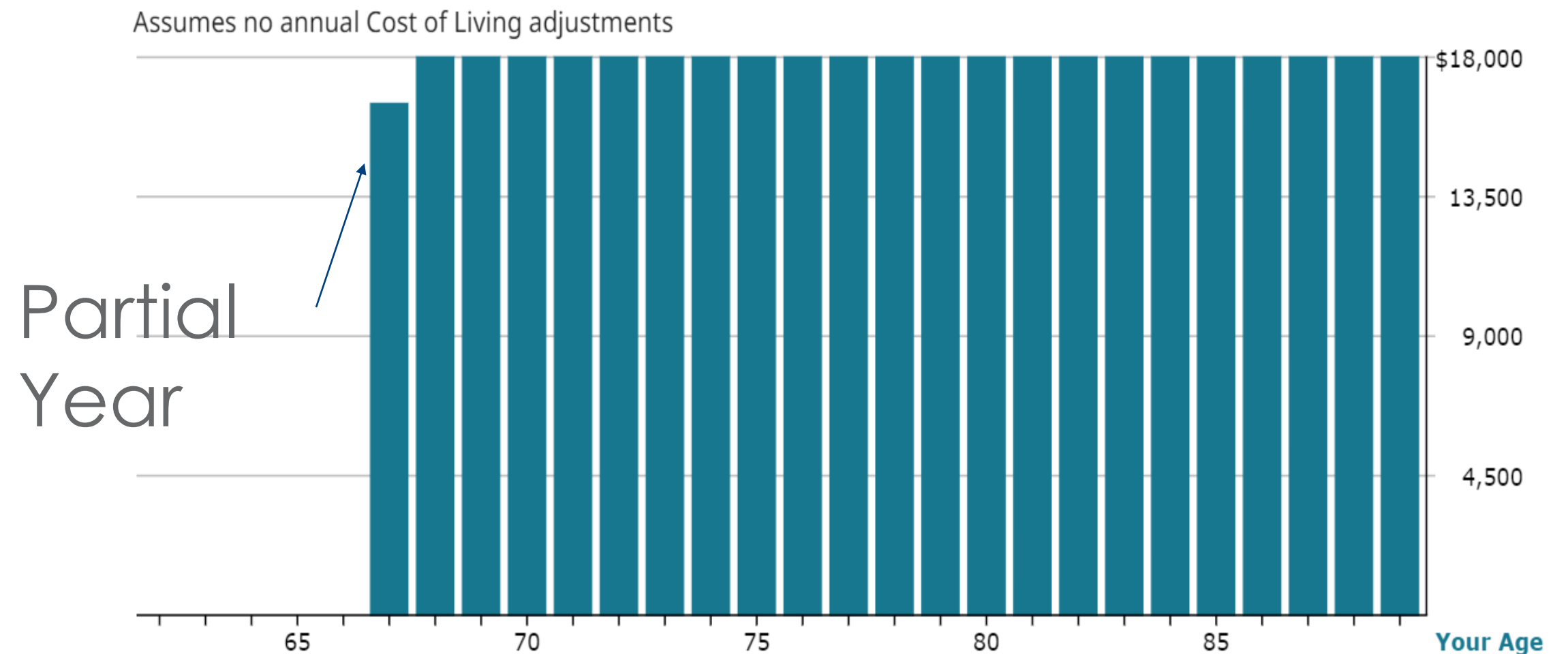
Hypothetical example used for illustrative purposes only.

## Nancy Qualifies for Spousal Benefits (Not adjusted for COLA Increases)

At FRA (67) – Nancy receives \$1,000 from her own work record.

At FRA (67) – Nancy receives \$500 from her ex-husband's record.

**Nancy's spousal benefit is capped at 50% of her ex-husband's FRA amount.**



**Married at least 10 years to qualify for divorced benefits**

## Nancy Qualifies for the Partial Payment Bridge to 50%

At FRA (67) – Nancy receives \$1,000 from her own work record.

At FRA (67) – Nancy receives \$500 from her ex-husband's record.



To

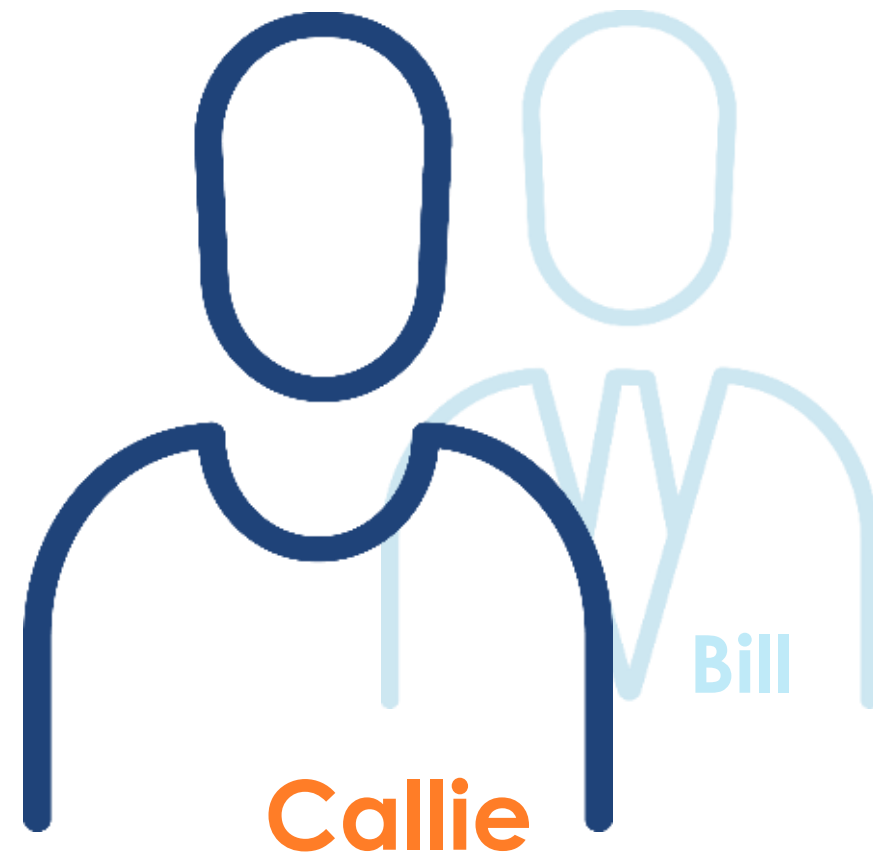
50%

***Married at least 10 years to qualify for divorced benefits***



## Meet Callie—Now a widow

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### **Callie**

**Age:** 66/4months FRA  
**Marital Status:** Widowed  
**Work status:** Nearing retirement  
**Monthly benefit:** \$2,400

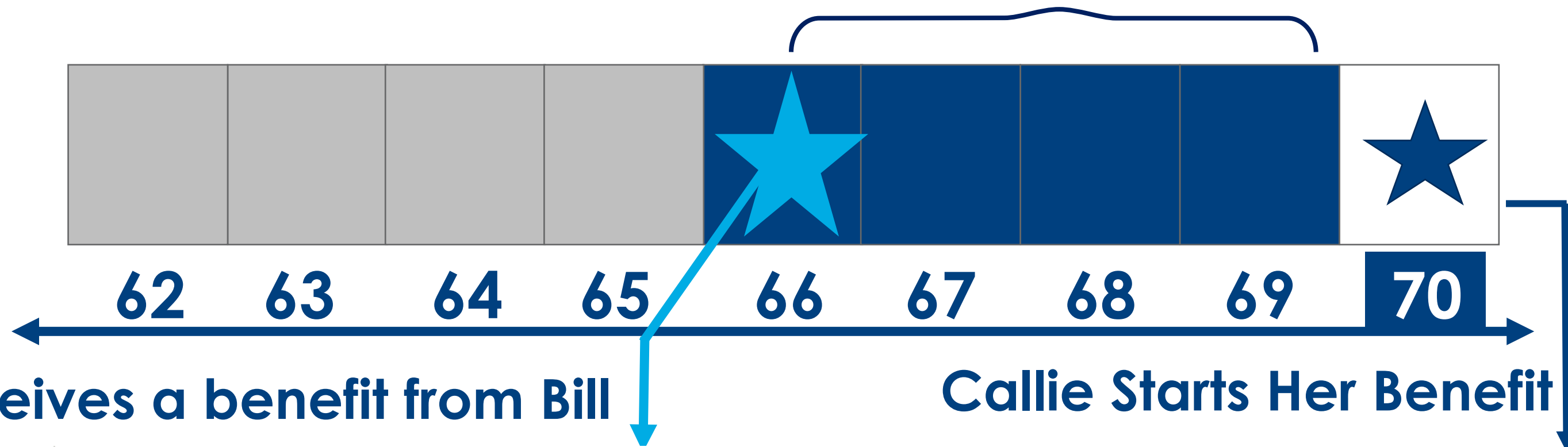
### **Deceased husband, Bill**

Monthly benefit while alive: \$2,800

Hypothetical example used for illustrative purposes only.

## Widow's Benefits— File Restricted for Survivor Benefits

### Callie Files Restricted



Callie receives a benefit from Bill

Callie Starts Her Benefit

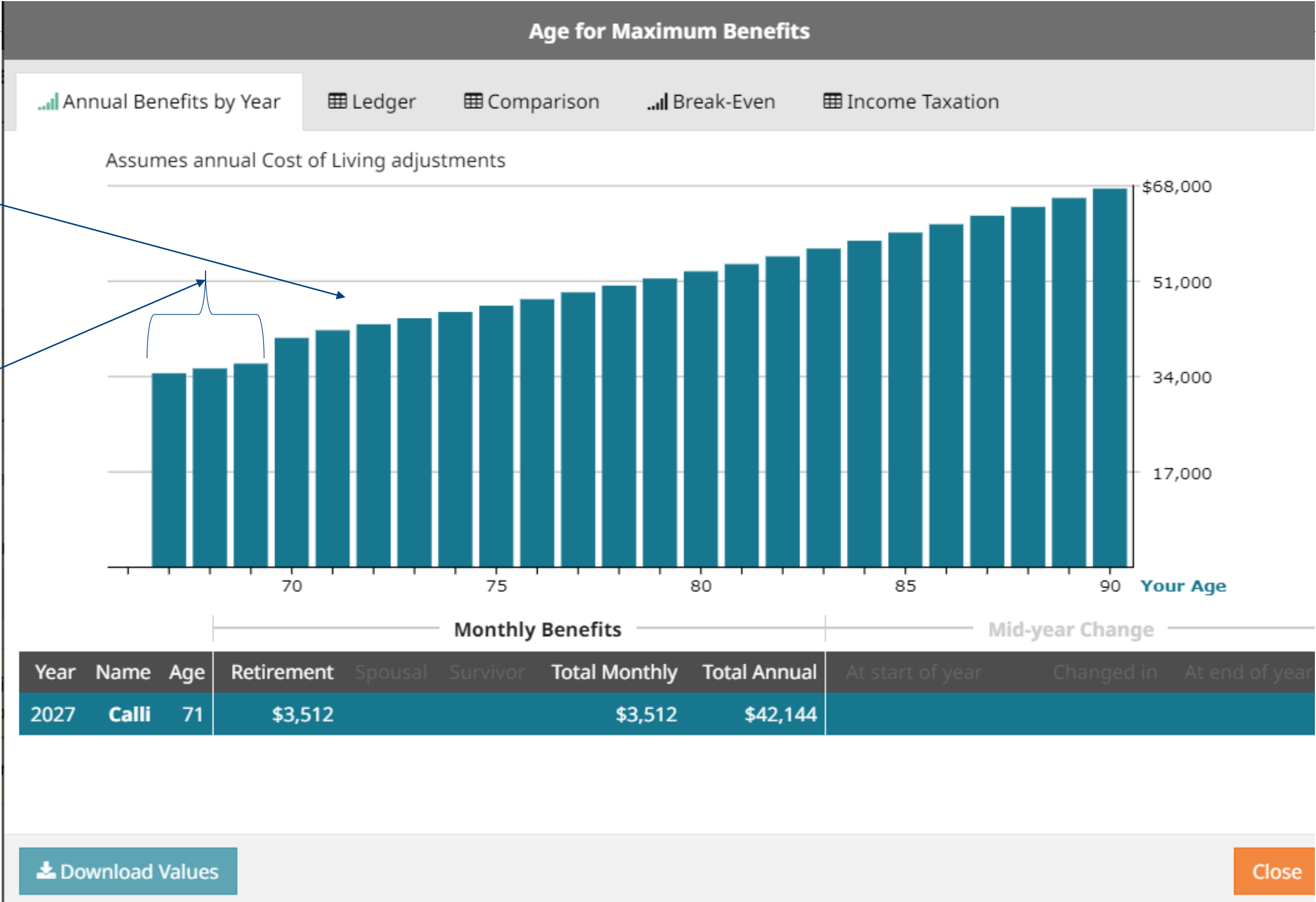
★ <b>Age for Maximum Benefits</b>	...
You start benefits at age	66
File Restricted	<a href="#">How to file</a>
Cumulative Benefits	\$1,223,197
<b>Difference</b>	<b>\$109,015</b>

⊕ <b>Alternative Age</b>	...
You start benefits at age	70
File for Benefits	<a href="#">How to file</a>
Cumulative Benefits	\$1,114,182

Projections include an annual 2.5% COLA

# Widow's Benefits— File Restricted for Survivor Benefits

Benefits from Callie  
Benefits from Bill



Projections include an annual 2.5% COLA

## Voluntary Suspension at Full Retirement Age (FRA) or later

- At full retirement age you can ask to suspend your benefits
- When benefits are suspended, between full retirement age and age 70 you earn delayed retirement credits
- Voluntary Suspension restores actuarial reductions caused by early filing

\* <https://www.ssa.gov/planners/retire/suspend.html>

## If You Miss a window - Past Full Retirement Age?? Bonus Idea Six Month Retroactive Refund – How it works

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You must be at Full Retirement Age

You can never receive a refund that will reduce your benefit below the FRA amount



Retroactive refunds reduce all future payments – lose up to 6 months of delayed retirement credits


- **Easy to apply online**
  - **Select the correct start date**
- **Payment is a lump sum**
- **With retroactive funding you can change your mind if your situation has changed**


[https://www.ssa.gov/OP\\_Home/handbook/handbook.15/handbook-1513.html](https://www.ssa.gov/OP_Home/handbook/handbook.15/handbook-1513.html)




## Important Tip - Keep Up to Date

### Social Security Matters – Blog Pages


 An official website of the United States Government.

 **Social Security Matters**

Home SSA.gov Online Services Comment Policy  Search [my Social Security](#)

# Securing Today and Tomorrow

Securing today and tomorrow starts with being informed. Learn more about our tools, online services, and how our programs benefit people just like you. Sign up below.



<https://blog.ssa.gov/>

# Important Tip – Total Redesign of SSA.GOV

[www.ssa.gov](http://www.ssa.gov)

The screenshot shows the top of the SSA.gov website. It features a dark blue header with the Social Security logo on the left, followed by navigation links for 'Benefits', 'Medicare', and 'Card & record'. A search bar with the text 'Search SSA.gov' and a magnifying glass icon is on the right, along with 'Español' and 'Sign in' links. Below the header is a blue banner with the text 'Securing your today and tomorrow'. Underneath the banner is a white box containing three columns of service options: 'Prepare' (with a laptop icon), 'Apply' (with a document icon), and 'After you apply'. Each column lists specific actions users can take.

## Manage benefits & information



### Documents

Get benefit verification letter

Get tax form (1099/1042s)



### Number & card

Replace card

Request number for the first time

Report stolen number



### Payment

Update direct deposit

Repay overpaid benefits

Request to withhold taxes



### Record

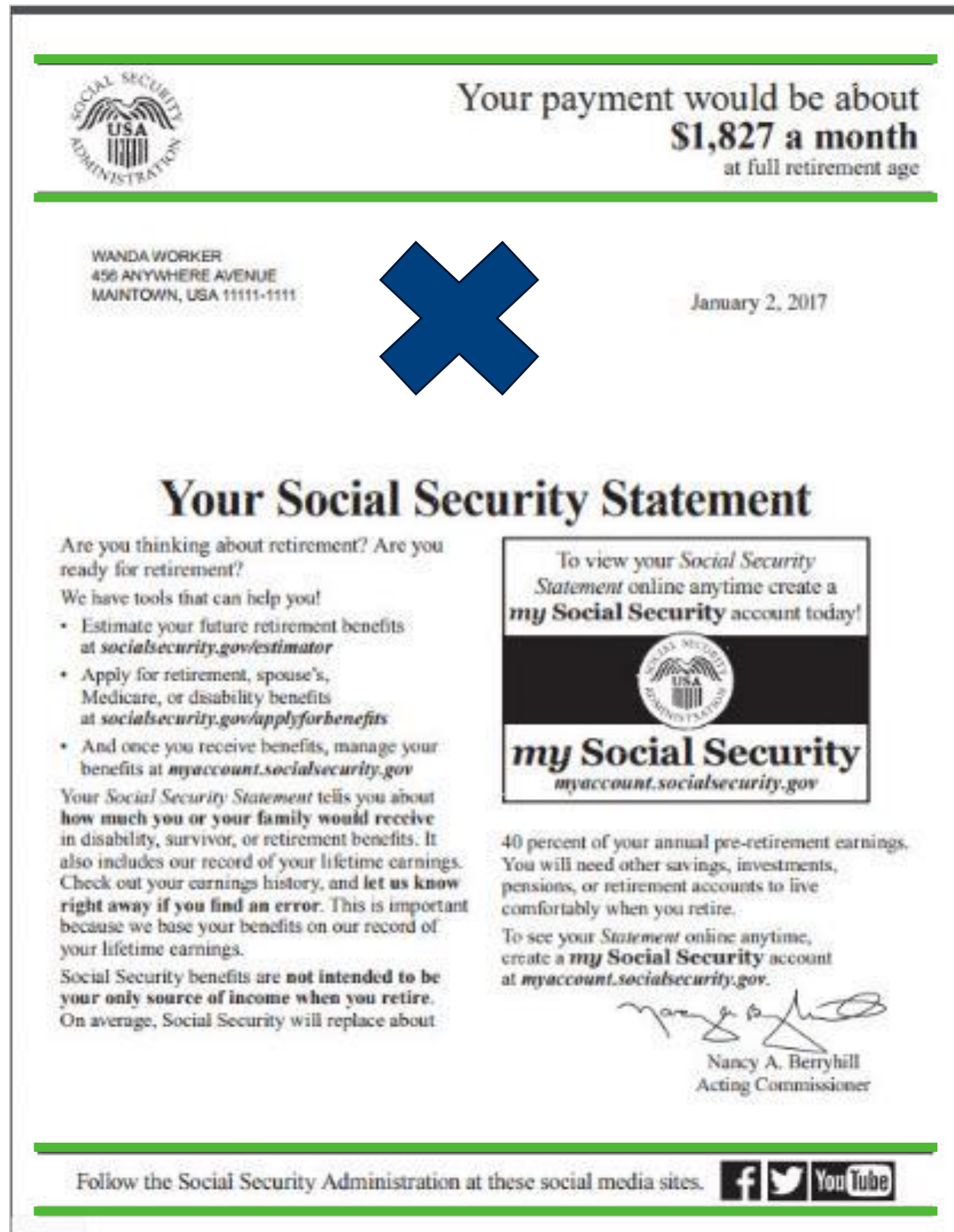
Change name

Update contact information

Update incorrect birthday



# Social Security Statements – Green Lines or Blue Bars



**Your payment would be about \$1,827 a month at full retirement age**

WANDA WORKER  
456 ANYWHERE AVENUE  
MAINTOWN, USA 11111-1111

January 2, 2017

## Your Social Security Statement

Are you thinking about retirement? Are you ready for retirement? We have tools that can help you!




- Estimate your future retirement benefits at [socialsecurity.gov/estimator](http://socialsecurity.gov/estimator)
- Apply for retirement, spouse's, Medicare, or disability benefits at [socialsecurity.gov/applyforbenefits](http://socialsecurity.gov/applyforbenefits)
- And once you receive benefits, manage your benefits at [myaccount.socialsecurity.gov](http://myaccount.socialsecurity.gov)

Your *Social Security Statement* tells you about how much you or your family would receive in disability, survivor, or retirement benefits. It also includes our record of your lifetime earnings. Check out your earnings history, and let us know right away if you find an error. This is important because we base your benefits on our record of your lifetime earnings.

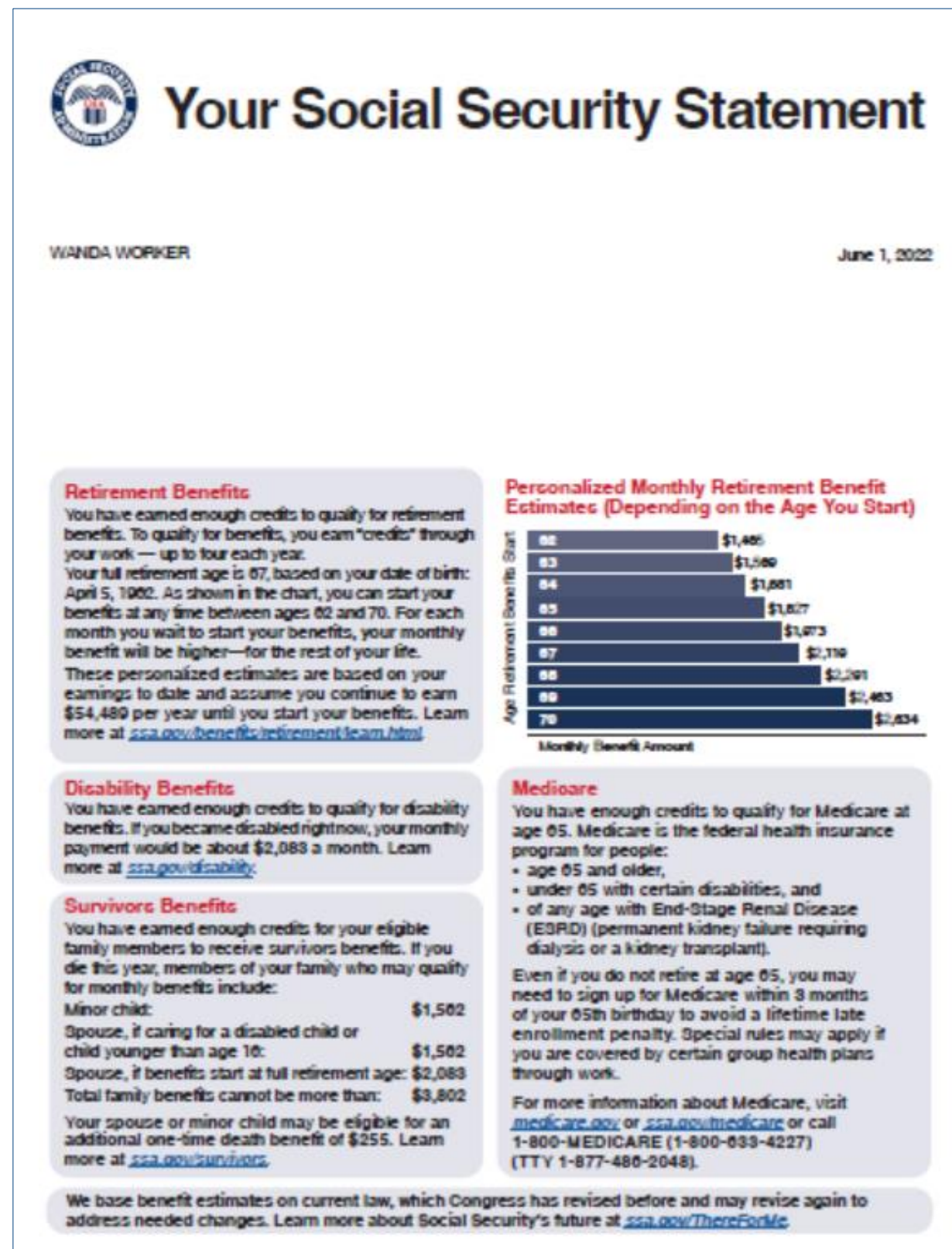
Social Security benefits are not intended to be your only source of income when you retire. On average, Social Security will replace about 40 percent of your annual pre-retirement earnings. You will need other savings, investments, pensions, or retirement accounts to live comfortably when you retire.

To see your *Statement* online anytime, create a **my Social Security** account at [myaccount.socialsecurity.gov](http://myaccount.socialsecurity.gov).

*Nancy A. Berryhill*  
Nancy A. Berryhill  
Acting Commissioner

Follow the Social Security Administration at these social media sites.   

Essential Information!



**Your Social Security Statement**

WANDA WORKER

June 1, 2022

### Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credits" through your work — up to four each year. Your full retirement age is 67, based on your date of birth: April 5, 1955. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life. These personalized estimates are based on your earnings to date and assume you continue to earn \$54,480 per year until you start your benefits. Learn more at [ssa.gov/benefits/retirement/learn.html](http://ssa.gov/benefits/retirement/learn.html).

### Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)

Age Retirement Benefits Start	Monthly Benefit Amount
62	\$1,465
63	\$1,500
64	\$1,601
65	\$1,627
66	\$1,673
67	\$1,710
68	\$1,791
69	\$1,863
70	\$1,934

### Disability Benefits

You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about \$2,083 a month. Learn more at [ssa.gov/disability](http://ssa.gov/disability).

### Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	\$1,502
Spouse, if caring for a disabled child or child younger than age 16:	\$1,502
Spouse, if benefits start at full retirement age:	\$2,083
Total family benefits cannot be more than:	\$3,802

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255. Learn more at [ssa.gov/survivors](http://ssa.gov/survivors).

### Medicare

You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for people:

- age 65 and older,
- under 65 with certain disabilities, and
- of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to avoid a lifetime late enrollment penalty. Special rules may apply if you are covered by certain group health plans through work.

For more information about Medicare, visit [medicare.gov](http://medicare.gov) or [ssa.gov/medicare](http://ssa.gov/medicare) or call 1-800-MEDICARE (1-800-633-4227) (TTY 1-877-480-2048).

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at [ssa.gov/ThereForMe](http://ssa.gov/ThereForMe).



## Your estimated benefits – 62 to 70

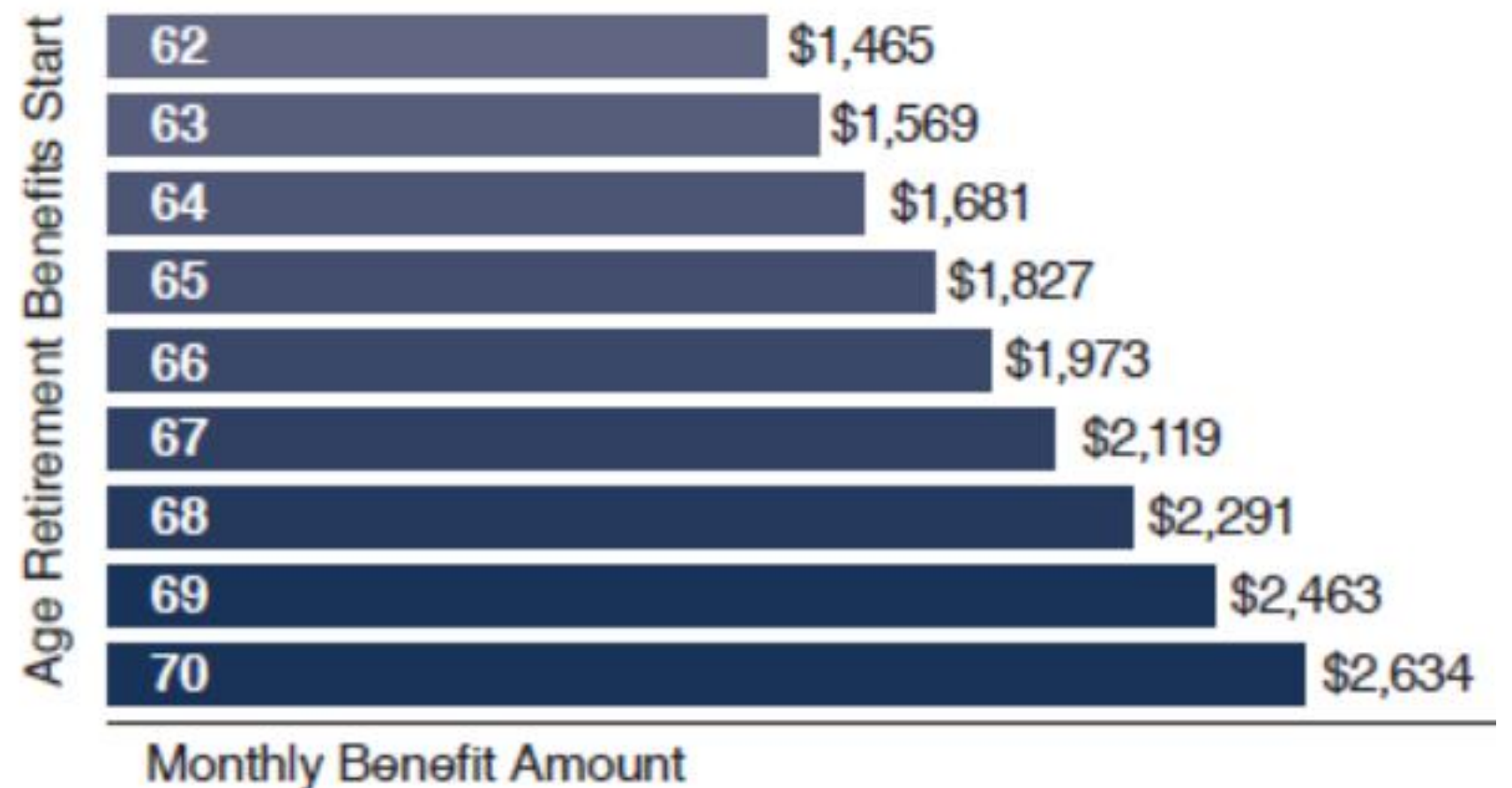
### Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn “credits” through your work — up to four each year.

Your full retirement age is **67**, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages **62** and **70**. **For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.**

These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. Learn more at [ssa.gov/benefits/retirement/learn.html](https://ssa.gov/benefits/retirement/learn.html).

### Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)





# New Blue Bar Form – Page 2

Earnings history in new format on the Blue Bars format

Three years, three months and 15 days to correct errors.

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at [ssa.gov/people/materials/pdfs/EN-05-10229.pdf](https://ssa.gov/people/materials/pdfs/EN-05-10229.pdf).

**Earnings Record**  
Review your earnings history below to ensure it is accurate. This is important because we base your future benefits on our record of your earnings. **If you find an error**, let us know by visiting [myaccount.socialsecurity.gov](https://myaccount.socialsecurity.gov) or calling 1-800-772-1213.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
2001	\$210	\$210
2002	\$790	\$790
2003	\$5,837	\$5,837
2004	\$6,207	\$6,207
2005	\$6,035	\$6,035
2006	\$6,407	\$6,407
2007	\$18,517	\$18,517
2008	\$46,314	\$46,314
2009	\$54,571	\$54,571
2010	\$67,191	\$67,191
2011	\$74,329	\$74,329
2012	\$67,098	\$67,098
2013	\$55,951	\$55,951
2014	\$56,443	\$56,443
2015	\$56,380	\$56,380
2016	\$73,423	\$73,423
2017	\$102,185	\$102,185
2018	\$128,400	\$134,765
2019	\$130,542	\$130,542
2020	\$110,030	\$110,030

**Earnings Not Covered by Social Security**  
You may also have earnings from work not covered by Social Security. This work might have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. To find out more, visit [ssa.gov/myaccount/assets/materials/noncovered-earnings.pdf](https://ssa.gov/myaccount/assets/materials/noncovered-earnings.pdf).

**Important Things to Know about Your Benefits**

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need 40 credits of work (at least 10 years) to qualify for retirement benefits. The amount of your benefit is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- Benefits are adjusted for cost of living increases.
- The age you claim benefits will affect the benefit amount for your surviving spouse.
- If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your divorced spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- When you apply for either retirement or spousal benefits, you may be required to apply for the other benefit as well.
- For more information about benefits for you and your family, visit [ssa.gov/benefits/retirement/planner/applying7.html](https://ssa.gov/benefits/retirement/planner/applying7.html).
- When you are ready to file, visit us at [ssa.gov/benefits/retirement/apply.html](https://ssa.gov/benefits/retirement/apply.html).
- An annually updated mailed *Statement* is available on request.

SSA.gov | Follow us on social media [ssa.gov/socialmedia](https://ssa.gov/socialmedia)  
Form SSA-7005-SM-OL (05/21)

Helpful active links to SSA.GOV pages that are important for you to understand.



In each calendar year **before** reaching full retirement age, Social Security withholds **\$1** for every:

**\$2**

Earned above  
**\$22,320\***  
per year

\* Adjusted periodically for cost of living

In the calendar year **when your client reaches** full retirement age, Social Security withholds **\$1** for every:

**\$3**

Earned above  
**\$59,520\***  
per year

\* Adjusted periodically for cost of living

Social Security Administration, Retirement Planner: "Getting Benefits While Working"  
<https://www.ssa.gov/planners/retire/whileworking.html>

## Social Security Benefits may be Taxable – No Indexing!

### Filing status is individual or head of household

- **Combined Income\*** between \$25,000 and \$34,000 — up to 50% may be taxable
- Combined income over \$34,000 — up to 85% may be taxable

### Filing status is joint

- **Combined joint income** between \$32,000 and \$44,000 — up to 50% may be taxable
- Combined joint income over \$44,000 — up to 85% may be taxable

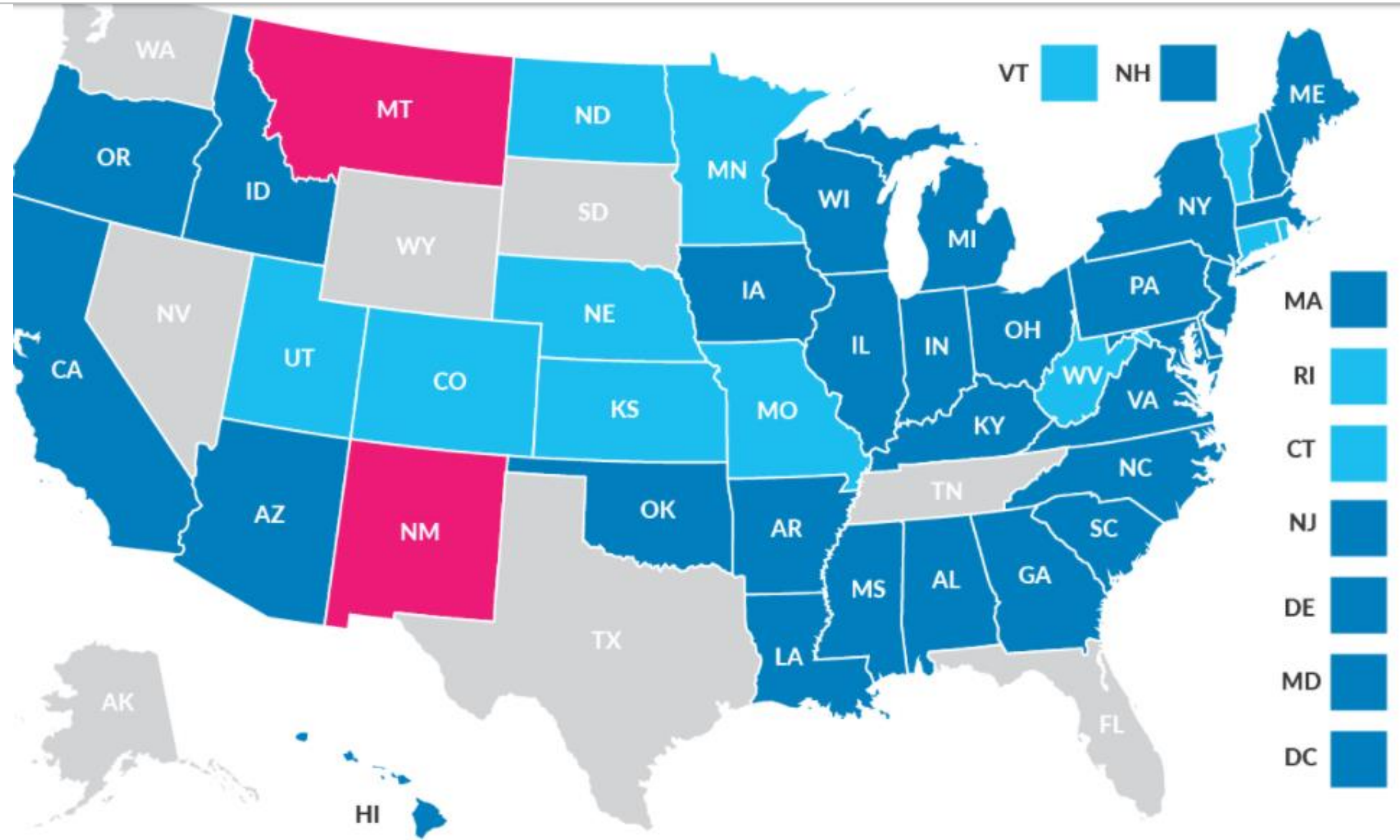
### Married, filing a separate tax return

- Taxes will probably be due

\*Combined income is adjusted gross income + nontaxable interest + 1/2 of Social Security Benefits.

Source: Social Security Administration, Benefits Planner: Income Taxes and Your Social Security

# Taxation of Social Security by State – 2021

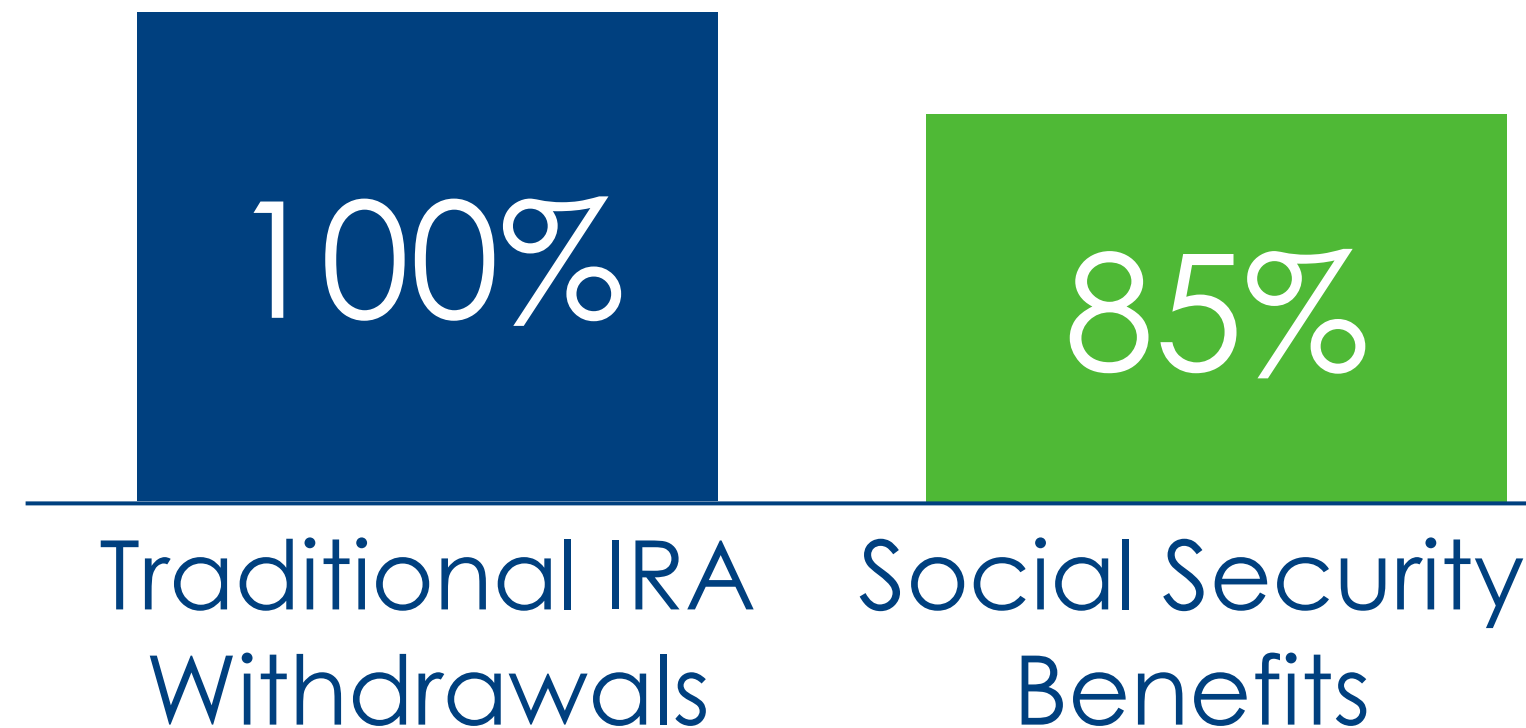


- State does not include Social Security benefits in its income tax calculation
- State gives exemptions based on factors like age or income level
- State taxes Social Security with modification
- State has no income tax

<https://taxfoundation.org/states-that-tax-social-security-benefits-2021>

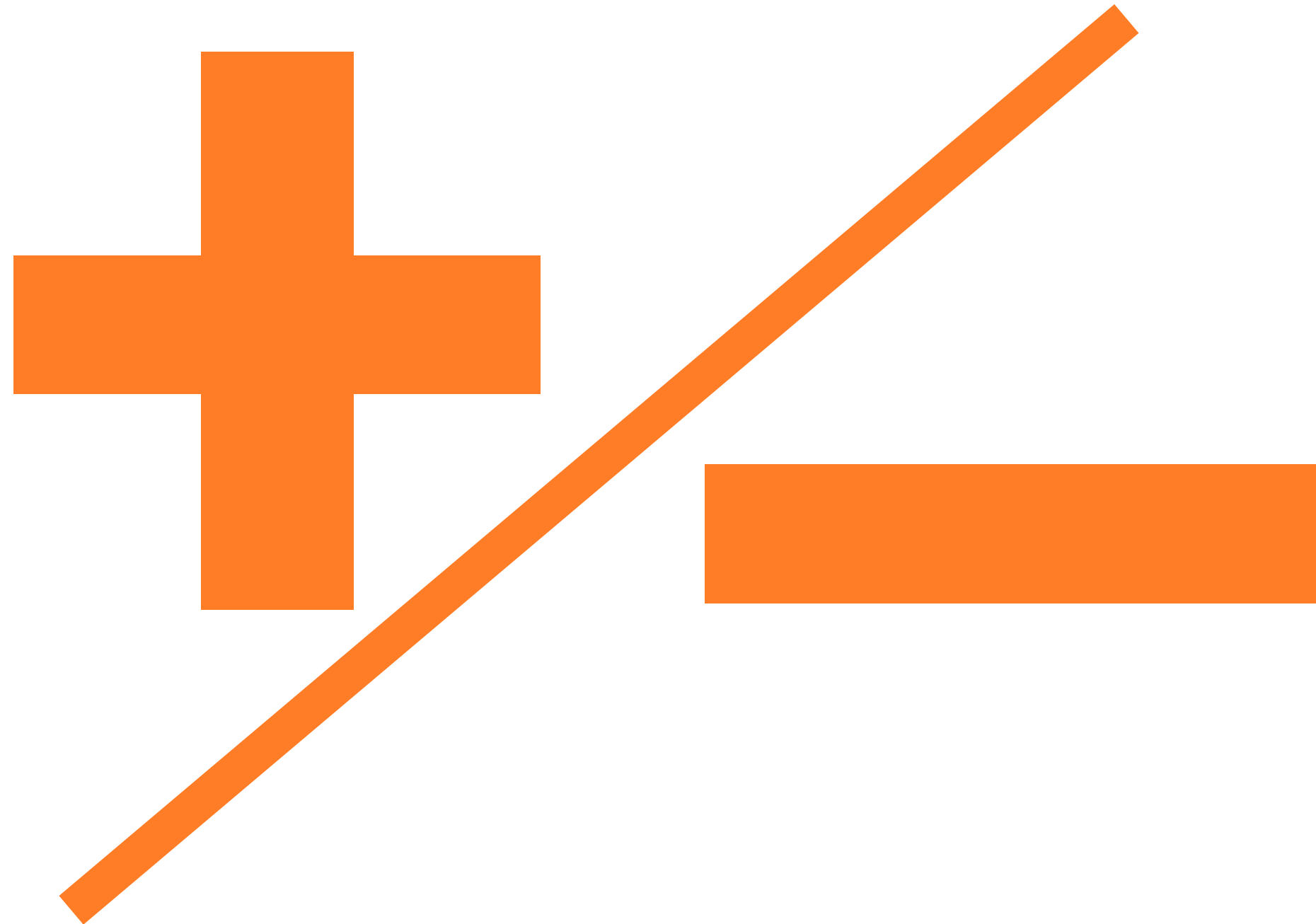
## Which will buy more in retirement?

### Amount Subject to Taxation





**GOOD NEWS..... does not apply to everyone**



**BAD NEWS..... complicated, confusing, impact can be dramatic**

## Sample Statement

### Earnings Record

Review your earnings history below to ensure it is accurate because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings below, but you can view your complete earnings record online with [my Social Security](#). If you find an error, view your full earnings record online and call 1-800-772-1213.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,470	45,470

### Earnings Not Covered by Social Security

You may also have earnings from work not covered by Social Security, where you did not pay Social Security taxes. This work may have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. To find out more, visit [ssa.gov/gpo-wep](http://ssa.gov/gpo-wep).

### Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- To keep up with inflation, benefits are adjusted through "cost of living adjustments."
- If you get retirement or disability benefits, your



# How to Calculate the Primary Insurance Amount (PIA)— Updated for 2024 (Bend Points)

## How benefits are calculated without WEP\* (AIME)

First \$1,174 of average earnings	x 90%	\$1057
+ Next \$7,078 of average earnings	x 32%	
+ Remaining earnings amount	x 15%	

### Total Monthly benefit amount or PIA

## How benefits are calculated with WEP\* (AIME)

First \$1,174 of average earnings	x 40%	\$470
+ Next \$7,078 of average earnings	x 32%	
+ Remaining earnings amount	x 15%	

### Total Monthly benefit amount or PIA

Maximum Offset = +/- \$587  
per month in 2024\* Indexed  
for COLA

Years with Substantial  
Social Security earnings\*



Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent

\* Source Social Security Administration web site  
<http://www.socialsecurity.gov/pubs/EN-05-10045.pdf>

## Government Pension Offset—The 2/3 Rule

### The 2/3 Rule Reduces Spouse's, Widow's, or Widower's Benefits:

1

Mary's Government Pension = \$600 month

2

Apply 2/3 rule;  $2/3$  of \$600 = \$400

3

Mary qualifies for a \$1,200 Spousal benefit based on husband's work record

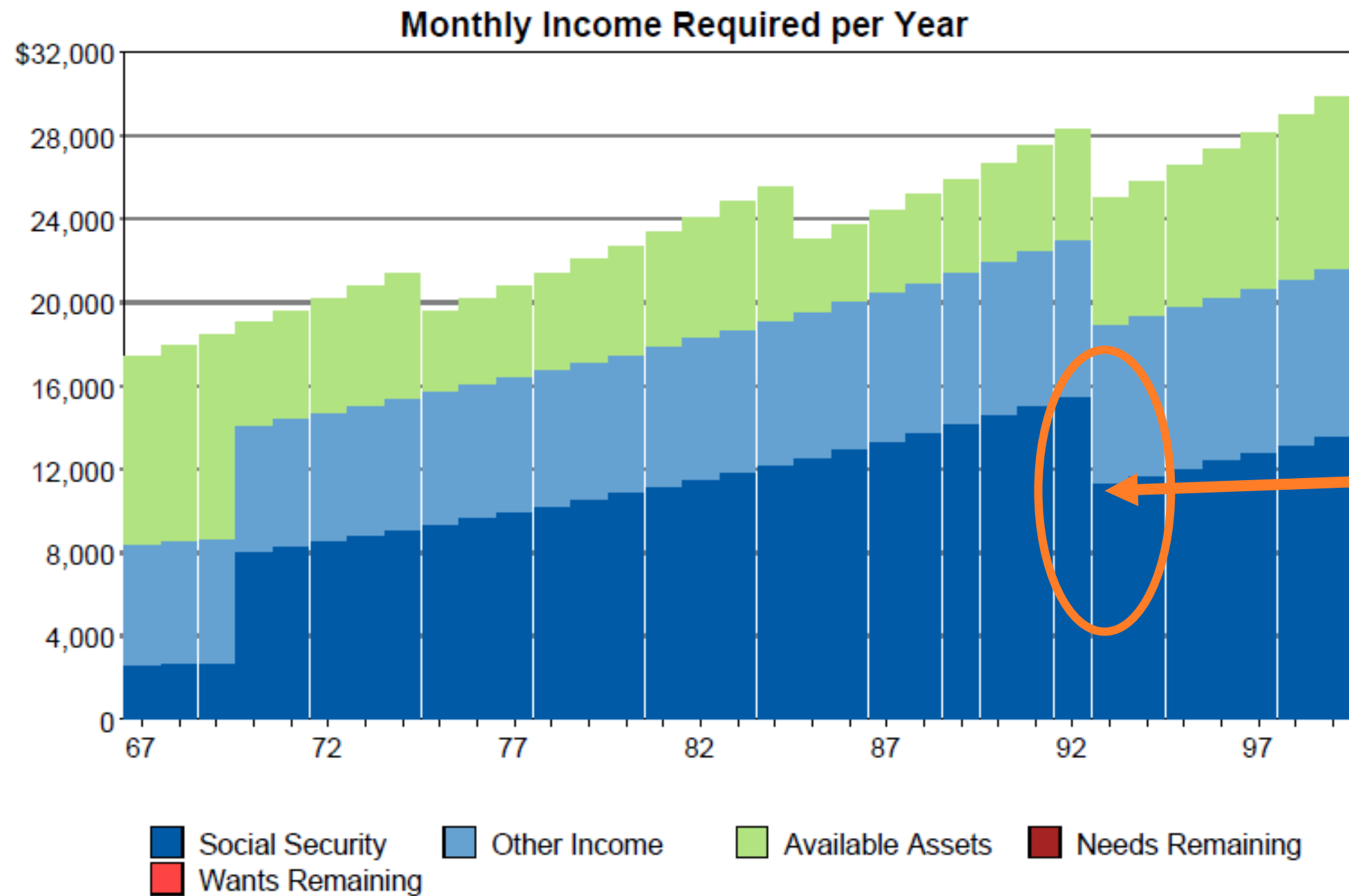
4

Mary's Social Security Spousal benefit is reduced because of her own Government Pension. ( $\$1200 - \$400 = \$800$ )

5

Mary's retirement income = \$600 Government Pension + \$800 Social Security Spousal benefit

# Generic Coordinated Plan—No WEP/GPO

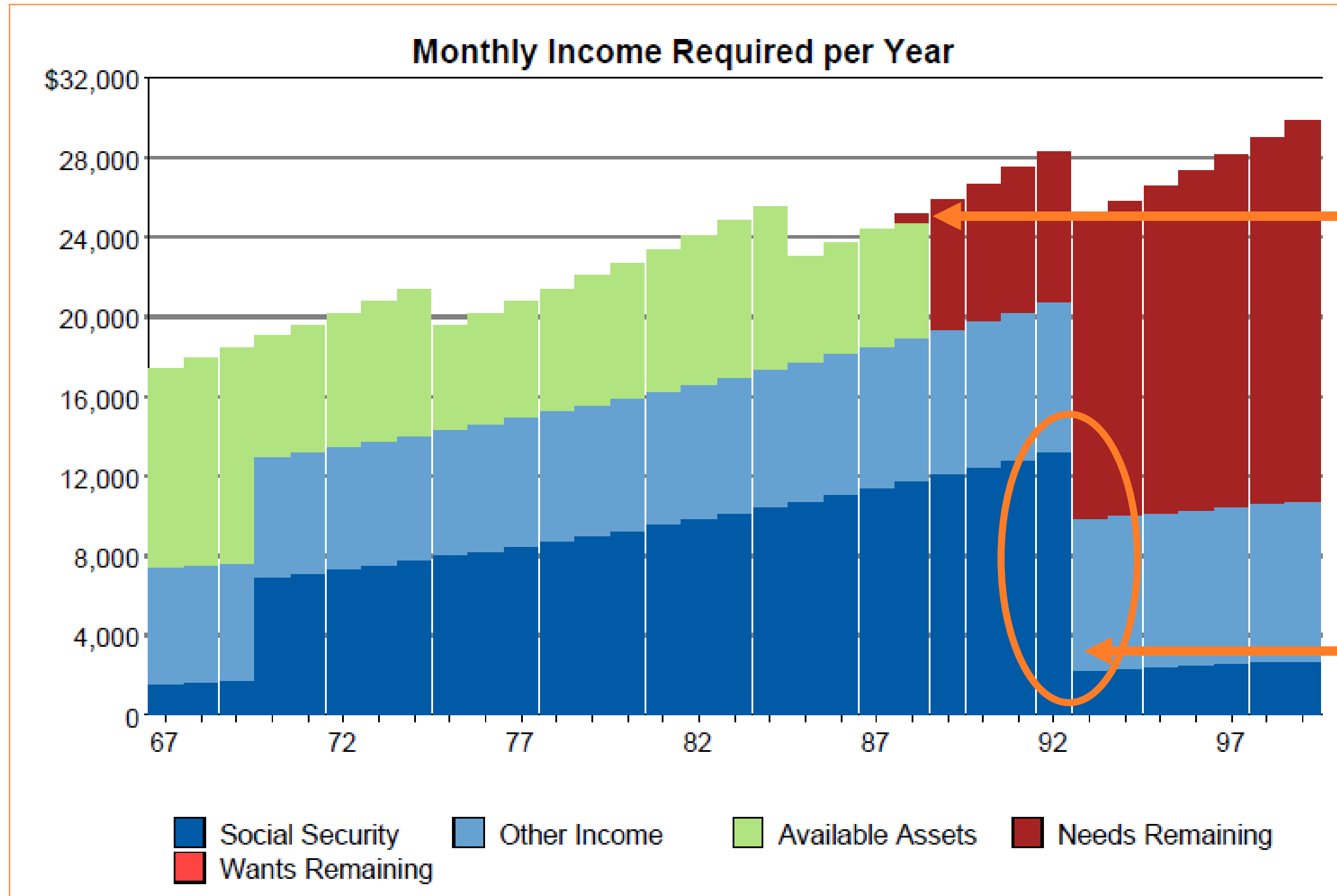


No shortfall during retirement

Bob dies and Mary gets her spousal benefits based on Bob's record.



# Generic Coordinated Plan with WEP/GPO

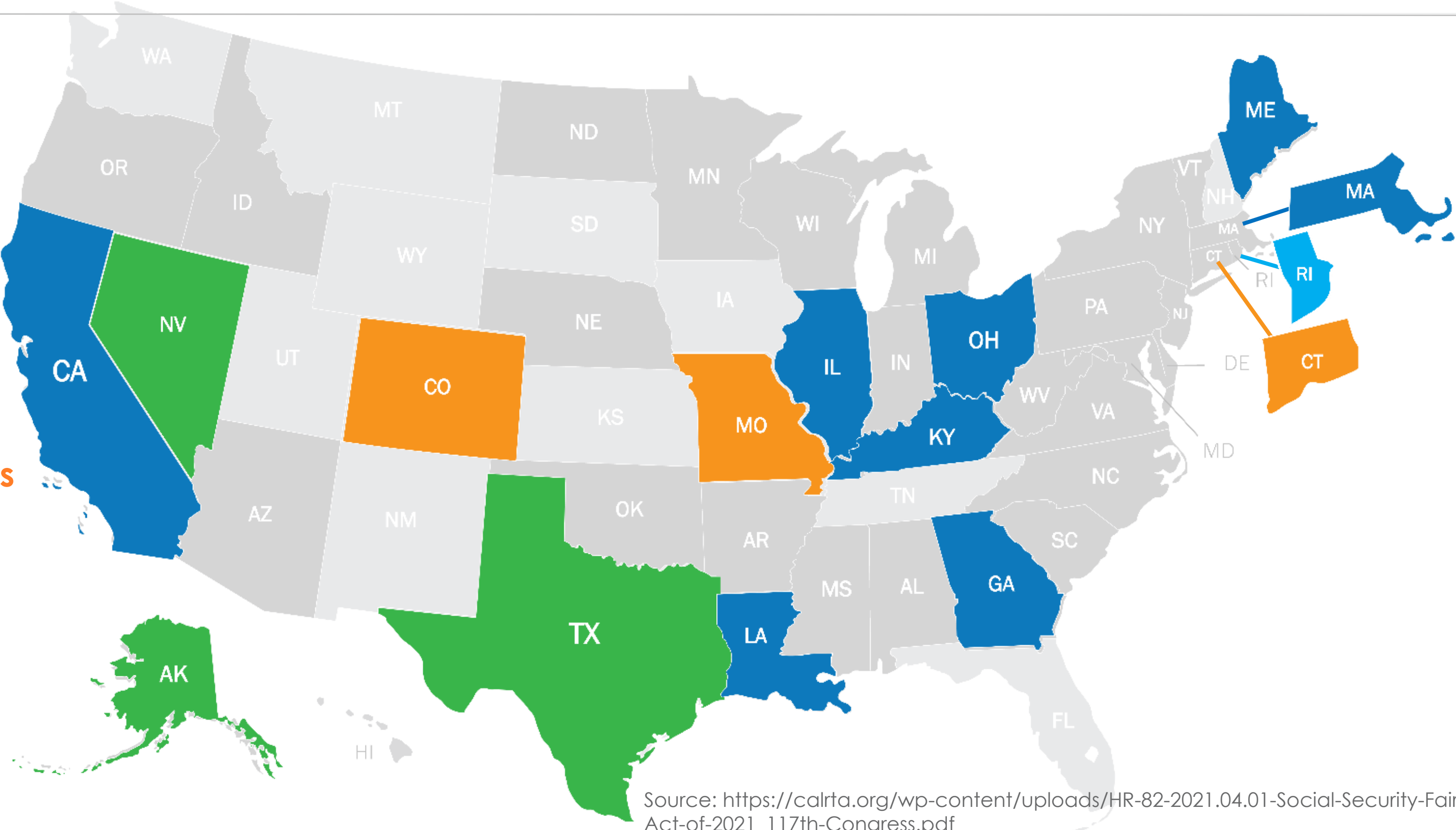


With WEP/GPO income shortage starts at age 88 and becomes even more dramatic at 93 because of GPO offsets.

## Needs Analysis Projection: Zuryc, Inc. – Retirement Road Map

# Public Employees like Teachers, Police, Firefighters, and some Federal Employees are not covered by Social Security (2022)

- 1. Alaska
- 2. California
- 3. Colorado
- 4. Connecticut
- 5. Georgia
- 6. Illinois
- 7. Kentucky
- 8. Louisiana
- 9. Maine
- 10. Massachusetts
- 11. Missouri
- 12. Nevada
- 13. Ohio
- 14. Rhode Island
- 15. Texas



Source: [https://calrta.org/wp-content/uploads/HR-82-2021.04.01-Social-Security-Fairness-Act-of-2021\\_117th-Congress.pdf](https://calrta.org/wp-content/uploads/HR-82-2021.04.01-Social-Security-Fairness-Act-of-2021_117th-Congress.pdf)

# Cost-of-Living Adjustment (COLA)

2022 = +5.9%

2023 = +8.7%

2024 = +3.2%

**17.8%**

Three-year Year Increase = 17.8%

Early Projections for 2025 - +/- 2.6%

+/- 20% lift over the last four years

Often Asked  
Question –  
Should I start  
now to “lock  
in” the  
increase?



## Your Retirement Benefit: How It's Figured

As you make plans for your retirement, you may ask, “How much will I get from Social Security?” If you have a personal *my* Social Security account, you can get an estimate of your personal retirement benefits and see the effects of different retirement age scenarios. If you don't have a personal *my* Social Security account, create one at [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount) or you can use our online *Retirement Estimator* at [www.ssa.gov/estimator](http://www.ssa.gov/estimator). A personal *my* Social Security account also gives access to the online *Social Security Statement*. The *Statement* provides estimates of retirement benefits at three ages: age 62, full retirement age, and age 70.

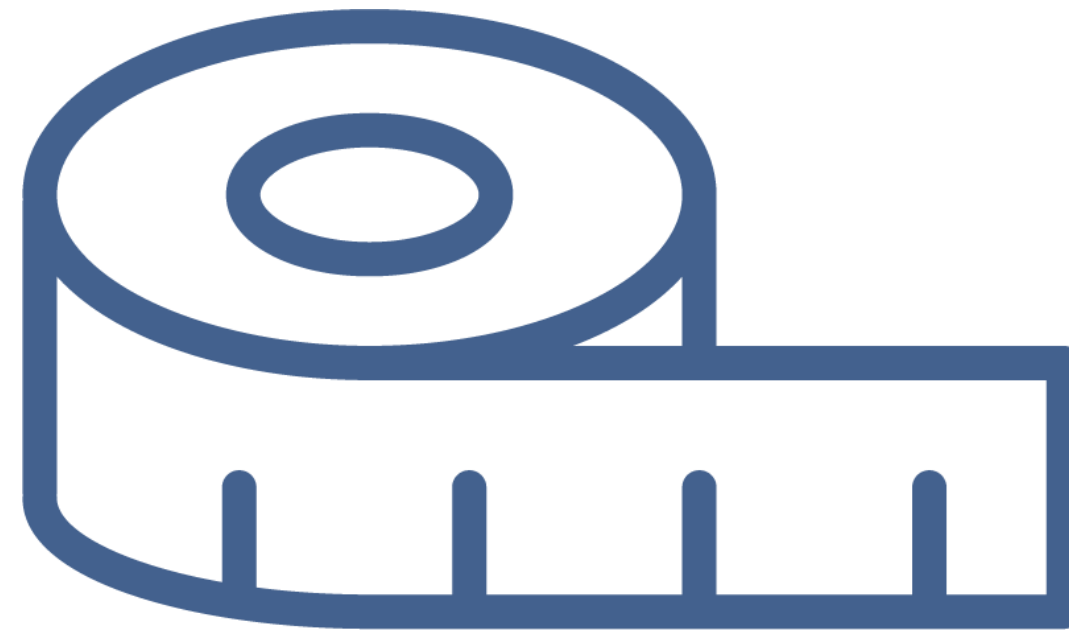
before reaching full retirement age. You can find your full retirement age at [www.ssa.gov/planners/retire/retirechart.html](http://www.ssa.gov/planners/retire/retirechart.html).

- **You're eligible for cost-of-living benefit increases starting with the year you become age 62.** This is true even if you don't get benefits until your full retirement age or even age 70. We add cost-of-living increases to your benefit beginning with the year you reach 62. Benefits are adjusted yearly to reflect the increase, if any, in the cost-of-living as measured by the Consumer Price Index.
- **You delay your retirement past your full retirement age.** We increase your Social

Source: [Your Retirement Benefit: How It's figured \(ssa.gov\)](http://www.ssa.gov/planners/retire/retirechart.html)

**Remember—each person and situation is different. Do not assume that generalities apply when it comes to you and your family!**

**W** **size**  
**N** **fits**  
**O** **ONE**







# Medicare Changes 2024

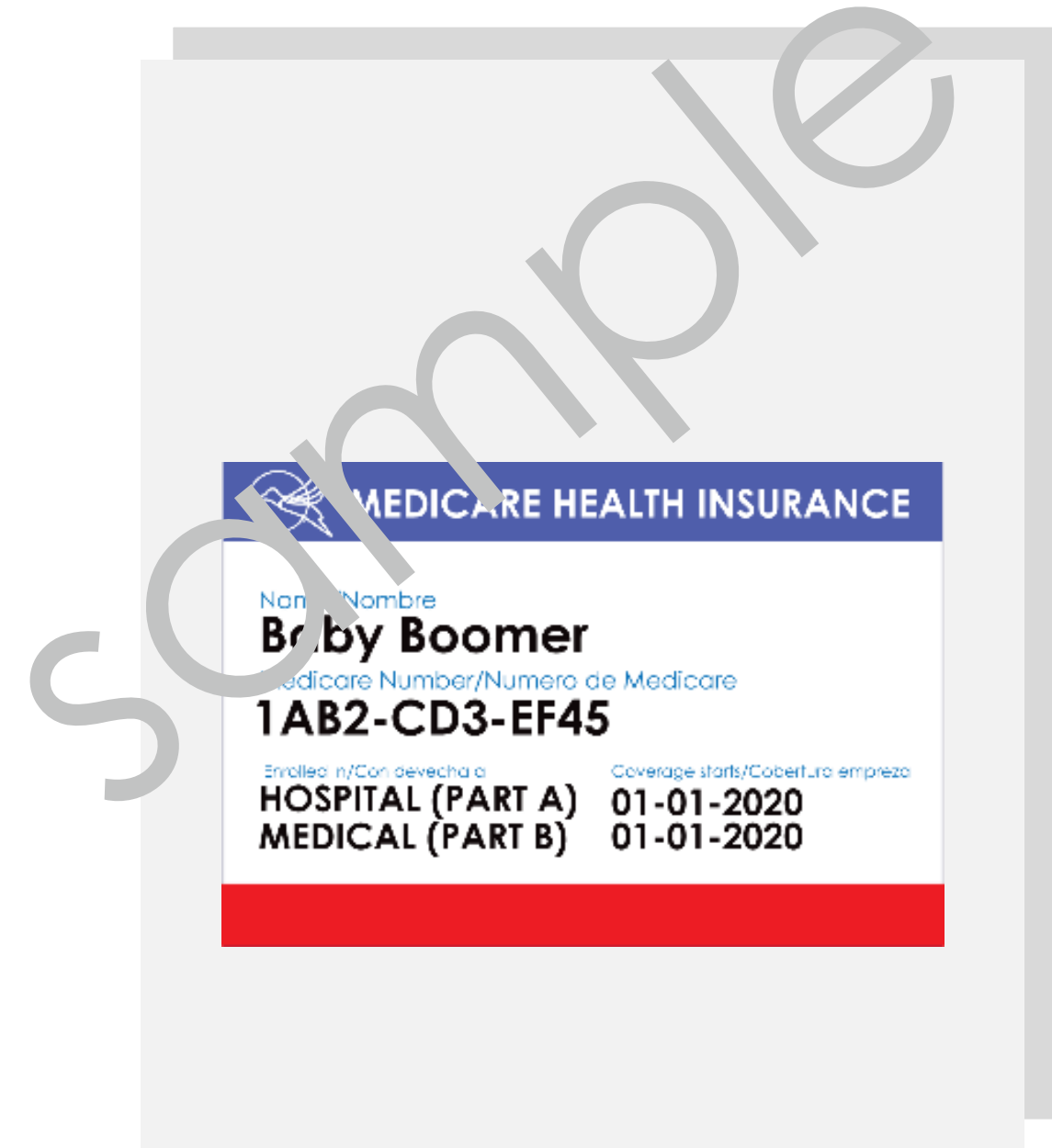
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## Agenda

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- Medicare Overview
  - Part A
  - Part B
  - Part C
  - Part D
- IRMAA Surcharges
- How to get help
- Questions



# What is Medicare?

## Part A



Hospital  
Insurance

## Part B



Medical  
Insurance

## Part C



Medicare  
Advantage Plans

## Part D



Prescription  
Drug Coverage

Combo of A,B, D and a supplement

## Medicare Part A—Hospital Insurance—2024

### Coverage:



- Inpatient hospital
- Skilled nursing facility (not custodial care)
- Hospice
- Some home health care

### Costs:

**Premium—“Free Part A” if you paid Medicare taxes paid while working.**



### IMPORTANT

**For many people Part A is prepaid. However, it can cost up to \$506 per month.**



### Coverage:



- Doctors' services
- Outpatient care
- Medical supplies
- Preventive services
- Most are subject to deductibles and co-insurance

It is not free!

Watch out for late enrollment - 10%

Source: Social Security Administration/Medicare

\*Assignment. Health care providers who accept assignment agree to accept payment amount Medicare approves for the covered service and agree not to bill patient for any more than Medicare deductible and co-insurance.

# Medicare Part B—Medical Insurance AND Income Testing 2024 (Income Related Month Adjustment Amount—IRMAA) (Higher Premiums in 2024 verses 2023)

## Costs:



● Most new people pay the Part B **premium** of **\$174.70** each month.

- The **deductible** for 2024 is **\$240** per year
- Coinsurance generally is 20% **of Medicare approved amount**

If individuals do not sign up for Part B when first eligible, they may be assessed a late enrollment **(10% per year for life)** penalty which applies as long as they have Medicare.

Singles beware!

Based on 2022 Income

2024 Medicare Premiums		
2022 MAGI Single	2022 MAGI Joint	Part B
\$103,000 or less	\$206,000 or less	\$174.70
\$103,001 - \$129,000	\$206,001 - \$258,000	\$244.60
\$129,001 - \$161,000	\$258,001 - \$322,000	\$349.40
\$161,001 - \$193,000	\$322,001 - \$386,000	\$454.20
\$193,001 - \$500,000	\$386,001 - \$750,000	\$559.00
\$500,000 or more	\$750,000 or more	\$594.00

Source: Medicare.gov

## Medicare Supplement (Medigap)

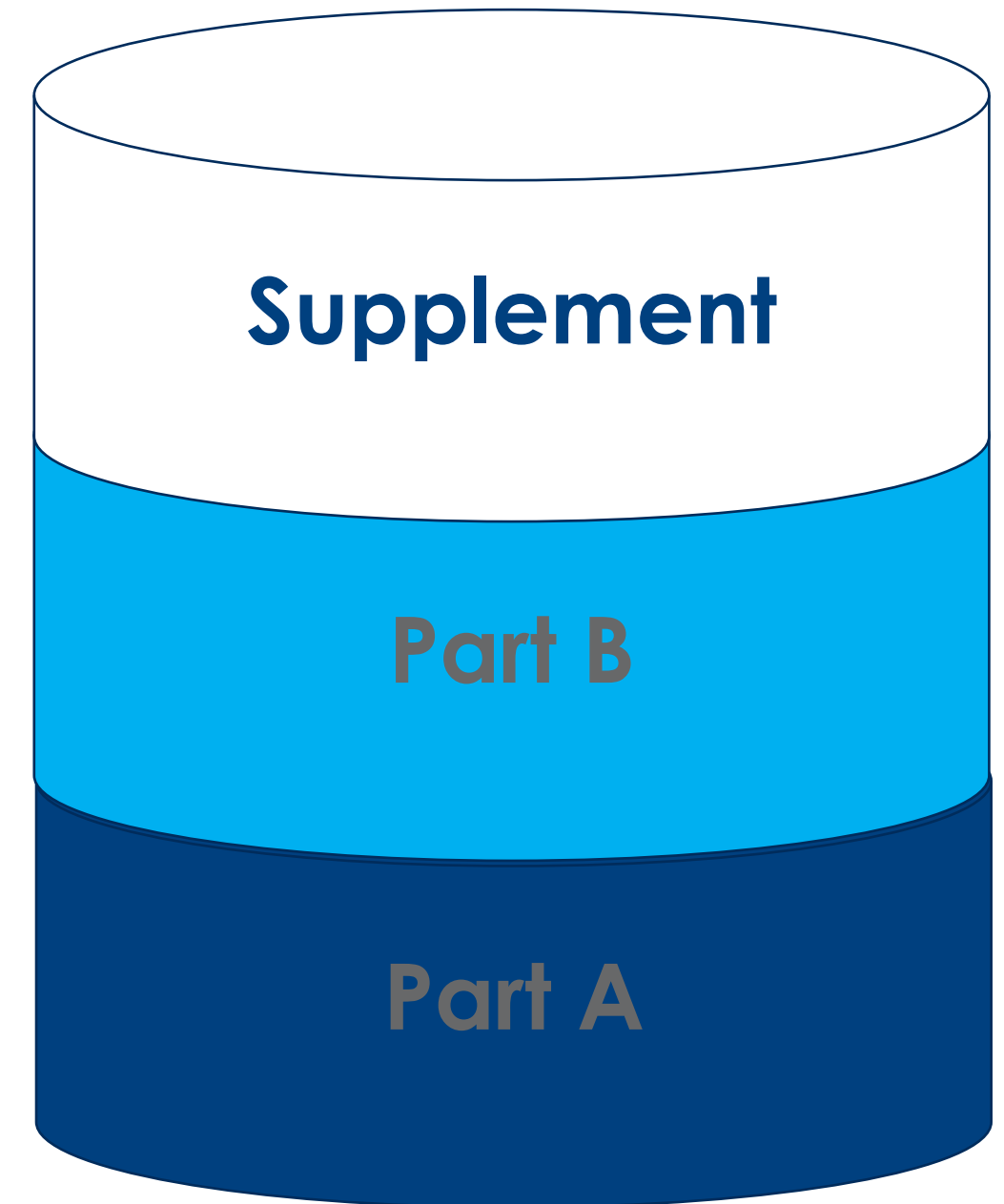


Monthly premium for **Medigap** policy in addition to the monthly Part B premium paid to Medicare.

- Sold by private companies
  - Pays health care costs like copayments, coinsurance and deductibles
  - Many different choices
- Individuals must have Medicare Part A and B

Source: Medicare, What's Medicare Supplement Insurance (Medigap)?

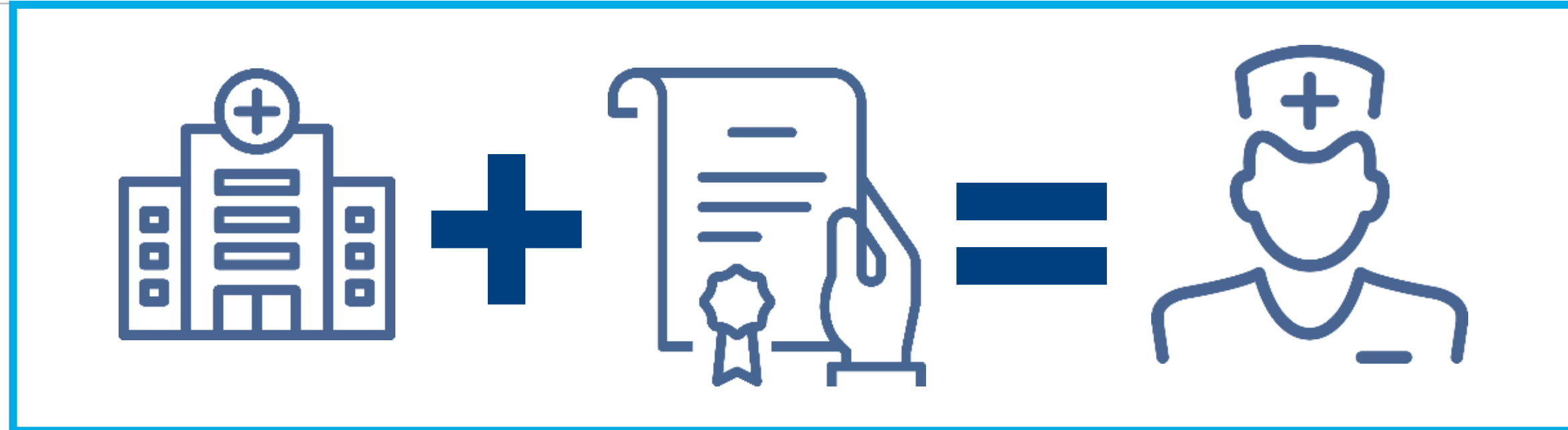
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## Medicare Part C—Medicare Advantage Plans (HMO/PPO)

### Coverage:



- Medicare Advantage Plans cover all Medicare services that would normally be covered through Original Medicare (Parts A and B).
- Advantage Plans may also offer extra coverage like vision, hearing, dental, and/or health and wellness programs.
- Additionally, most Medicare Advantage Plans include prescription drug coverage.
- ***Growing in popularity—***

Source: Social Security Administration/Medicare

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### Out-of-pocket costs depend on:

- Size of monthly premium selected linked to out-of-pocket cost
- **Yearly out of pocket maximums (varies by plan)**
- **Using in or out of network providers changes the cost**
- **Can you keep your own doctor/hospital or just use the network?**
- **Zip Code Based –**
  - **Cost varies depending on where you live**
  - **Client research needed to match plan to your needs**

Source: <https://www.medicare.gov/your-medicare-costs/costs-for-medicare-advantage-plans>

- YES!!
- You must pay Part B premium to stay in Part C\*

\* <https://www.medicare.gov/basics/get-started-with-medicare/medicare-basics/what-does-medicare-cost>

## Medicare Part D—Prescription Drug Coverage



### Coverage:

- Prior authorization for medically necessary prescription drugs:
  - Quantity limits
  - Step therapy—moving up to a more expensive drug
  - Vaccine coverage
  - Mail order service for prescription drugs
    - Discounted prices
- Two ways to get drug coverage:
  1. Part D—add drug coverage to Original Medicare
  2. Often included with Medicare Advantage Plan (Part C)

Source: Medicare, Part D, Coverage, Rules

# Medicare Part D— Traditional Prescription Drug Coverage 2024

(Income Related Month Adjustment Amount—IRMAA)



## IRMAA – Small Increase in 2024

Based on Income from 2022

2024 Medicare Premiums			
2022 MAGI Single	2022 MAGI Joint	Part B	Part D
\$103,000 or less	\$206,000 or less	\$174.70	Plan Premium
\$103,001 - \$129,000	\$206,001 - \$258,000	\$244.60	\$12.90 + plan premium
\$129,001 - \$161,000	\$258,001 - \$322,000	\$349.40	\$33.30 + plan premium
\$161,001 - \$193,000	\$322,001 - \$386,000	\$454.20	\$53.80 + plan premium
\$193,001 - \$500,000	\$386,001 - \$750,000	\$559.00	\$74.20 + plan premium
\$500,000 or more	\$750,000 or more	\$594.00	\$81.00 + plan premium

Could be a big surprise for singles

Source: Medicare, Monthly premiums for drug plans

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## Planning/Budget Assumption—Example 2024 (In MA 01536)

### Joint tax return with 2022 income of \$206,000\* or less (No IRMAA)

Coverage	Cost Estimate
Medicare Part A	\$ 0.00
Medicare Part B	\$ 174.70
Medicare Part D	\$ 53.40
Medicare Supplement (G)	\$ 195.96
<b>TOTAL PREMIUM</b>	<b>\$ 424.06</b>

**\$424.06**  
Per Person

**PLUS DEDUCTIBLES**

Cost varies by state and zip code and changes every year. Check with relevant state for information.

\*MAGI for IRMAA = AGI + Tax-Exempt Interest + Foreign Income

\* +/- (depends on the plan zip code)

## Joint tax return with income between \$206,001 – \$258,000

Coverage	Cost Estimate
Medicare Part A	\$ 0.00
Medicare Part B (IRMAA)	\$ 244.60
Medicare Part D	\$ 53.40
Part D Surcharge (IRMAA)	\$ 12.90
Medicare Supplement (G)	\$195.96*
<b>TOTAL PREMIUM</b>	<b>\$506.86</b>



**\$506.86**  
Per Person

**PLUS DEDUCTIBLES**

Cost varies by company, state and zip code and changes every year.

Check with relevant state for information.

\* +/- (depends on the plan zip code) For Financial Professional Use only. Not to be used with the public

Planning/budget assumption - Example 2024 (In MA 01536)  
Includes IRMAA Surcharges

Joint tax return with income between \$322,001 – \$386,000

Coverage	Cost Estimate
Medicare Part A	\$ 0.00
Medicare Part B (IRMAA)	\$ 454.20
Medicare Part D	\$ 53.40
Part D Surcharge (IRMAA)	\$ 53.80
Medicare Supplement (G)	\$195.96*
<b>TOTAL PREMIUM</b>	<b>\$757.36</b>



Cost varies by company, state and zip code and changes every year.

Check with relevant state for information.

\* +/- (depends on the plan zip code) For Financial Professional Use only. Not to be used with the public

Can you appeal an IRMAA increase? YES!

(Income Related Monthly

Adjustment Amount)



**The Big “Life Changing Events”**

**There is a form just made for an appeal! (SSA-44)**

- Death of a spouse
- Marriage
- Divorce or annulment
- You or your spouse stop working or reduce the number of hours work
- Loss of income due to natural disaster, disease, fraud or other circumstances
- Loss of pension
- Receipt of settlement payment due to employer closing or bankruptcy
- Prove the SSA used outdated tax records

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## Resources for you to use!

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### **Social Security Benefits**

<https://www.ssa.gov/>

### **Medicare**

<https://www.medicare.gov/>

# Thank You



*Navigate With Confidence*

LOGO