

# Beyond Money: Three Key Retirement Decisions

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July 19, 2022



# Housekeeping

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- The chat feature is disabled for this webinar. If you have any questions, you may always reach out via email.
- We will not be able to provide a copy of the slides nor a copy of the recording at this time.
- More information about our offered services is available for you in the Handouts section.

# About

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## Mueller Financial Services, Inc.

- Mueller Financial Services is a financial advisory firm that has served clients for over 30 years, expanding its guidance from the regional to the national level through growth and acquisitions. We offer a broad range of services for corporations, business owners, executives, independent professionals, and high-net-worth individuals.
- Through ongoing education, sound investment strategies, and a strong sense of teamwork, we enter into a dynamic partnership with every client to best guide their financial investment and insurance planning needs.

# About (Cont'd)

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## Transamerica

- Transamerica has been helping people feel better about the future for more than 100 years. They provide investment, retirement, and life insurance solutions to more than 11 million customers throughout the U.S. The way they see it, their responsibility goes beyond our clients' accounts. They're in the business of helping people live well and empowering them to create a better tomorrow through the financial and health-related habits they form today. They help people prepare by providing solutions that consider the whole picture. That's the power of the Wealth + HealthSM connection.

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A photograph of an older couple walking hand-in-hand on a dirt path through a natural, wooded area. The woman is on the left, wearing a light blue shirt and dark shorts, and the man is on the right, wearing a dark blue polo shirt and khaki pants. They are both smiling and looking towards each other. The background shows trees and a dirt path leading into the distance.

**BEYOND MONEY:**

# THREE KEY RETIREMENT DECISIONS

**INVESTMENT AND INSURANCE PRODUCTS ARE:**

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- NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES
- SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED



TRANSAMERICA

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**“The trouble with retirement is that  
you never get a day off.”**

*—Coach Abe Lemons*



# INCREASED LIFE EXPECTANCY

**1900: 47.3 years<sup>1</sup>**

**2021: 79.5 years<sup>2</sup>**

## LIFE EXPECTANCY FOR THOSE WHO REACH AGE 65

- A man can expect to live, on average, until age 84.1<sup>3</sup>
- A woman can expect to live, on average, until age 86.7<sup>3</sup>
- About one out of every three 65-year-olds today will live past age 90, and about one out of seven will live past age 95<sup>4</sup>



Transamerica is not affiliated with Time Magazine.

<sup>1</sup>"Table 22: Life Expectancy," [cdc.gov](https://www.cdc.gov), accessed February 2022

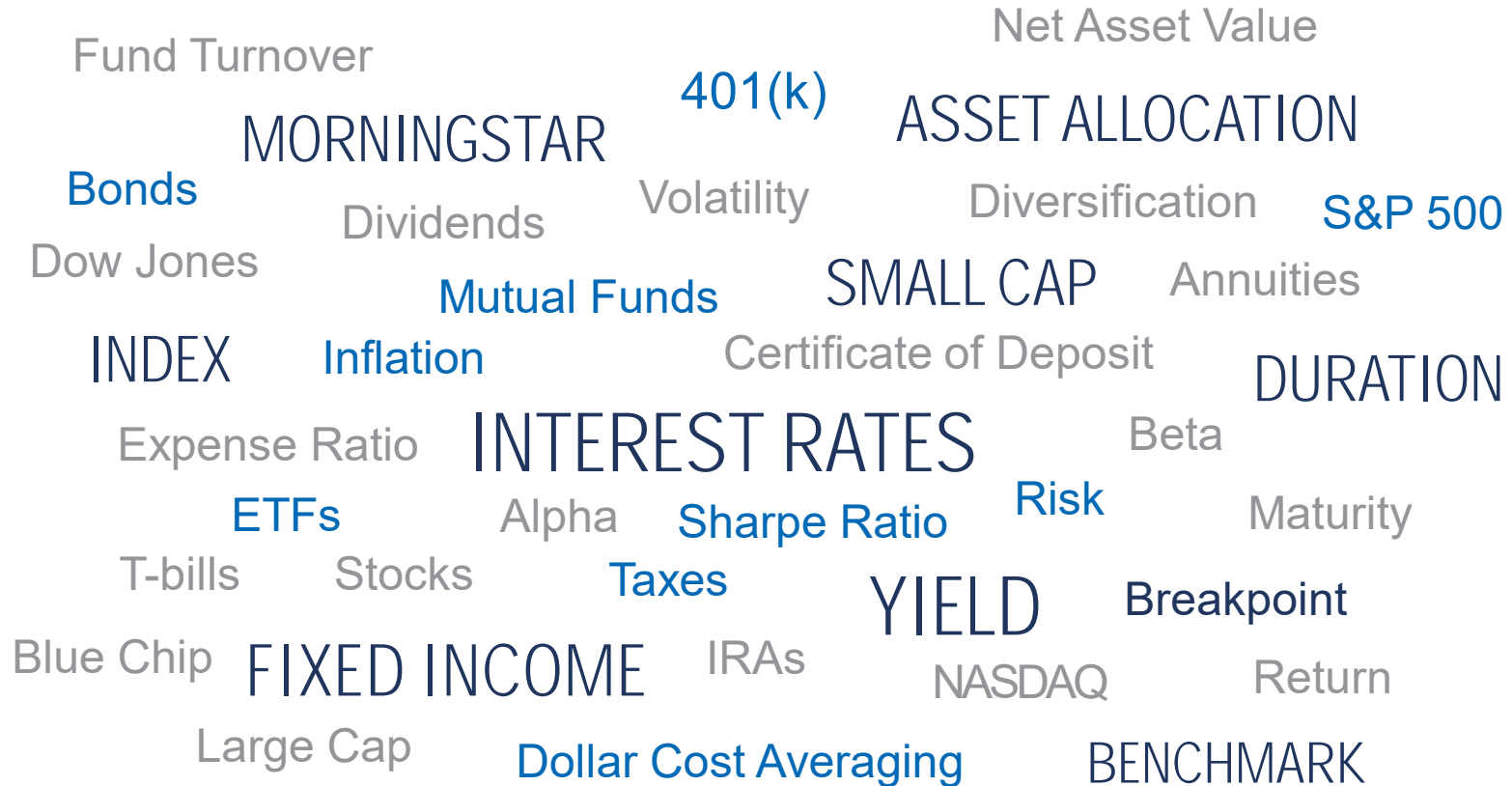
<sup>2</sup>"Life Expectancy Comparison in 2021," [Society of Actuaries](https://www.societyofactuaries.org), October 2021

<sup>3</sup>"Retirement & Survivors Benefits: Life Expectancy Calculator," [ssa.gov](https://www.ssa.gov), accessed December 2021

<sup>4</sup>"When to Start Receiving Retirement Benefits," [ssa.gov](https://www.ssa.gov), 2022

# IS THIS RETIREMENT?

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# BEYOND MONEY

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Special Needs Trust      Support Groups

SOCIAL SECURITY      HEALTHCARE DIRECTIVE

Work      Caregiver Living Will      Elder Law      End of Life Preparing

Assisted Living      Reverse Mortgage      MEDICAID      Irrevocable Trusts

HOUSING      Springing Power of Attorney      Revocable Trust

Supplemental Plans      ESTATE PLANNING      Adult Day Care

Hospice      Parents      Home Renovations      Alzheimer's

Disability      Grandchildren      Children      MEDICARE

Dementia      DIVORCE      Long-term Care      Durable Power of Attorney

Technology      Beneficiary Planning      NURSING HOME

# TODAY'S TOPICS

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Social Security



Healthcare



Aging

# SOCIAL SECURITY



**“The question isn’t at what age I  
want to retire, it’s at what income.”**

—George Foreman



# SOCIAL SECURITY

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**NO SINGLE FILING STRATEGY IS RIGHT FOR EVERYONE.**

## **IMPACT OF FILING AGE ON THE BENEFIT AMOUNT**

- Eligible for a reduced benefit at age 62
- Eligible for a full benefit at Full Retirement Age (FRA)
- Eligible for Delayed Retirement Credits of **8% per year** between FRA and age 70 (Born 1943 or later)
- Careful considerations and assumptions are needed in selecting a filing strategy
- Failure to employ an optimized filing strategy may result in the loss of thousands of dollars of potential benefits

# SOCIAL SECURITY

**WHAT IF YOU'VE ALREADY FILED  
AND REGRET THE DECISION?**

**REPAIR STRATEGIES:**

- The “Pay-back”
- The “Start-Stop-Start”







# SOCIAL SECURITY: FACTORS TO CONSIDER

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## **THE NEED FOR INCOME AND EMPLOYMENT**

- Wage income prior to FRA may result in a withholding of benefits
- Wage income may also impact the taxation of benefits

## **FAMILY SITUATION**

- Other family members may be eligible for Social Security benefits based on your record



# SOCIAL SECURITY: FACTORS TO CONSIDER

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## **MARITAL STATUS AND FILING STRATEGIES**

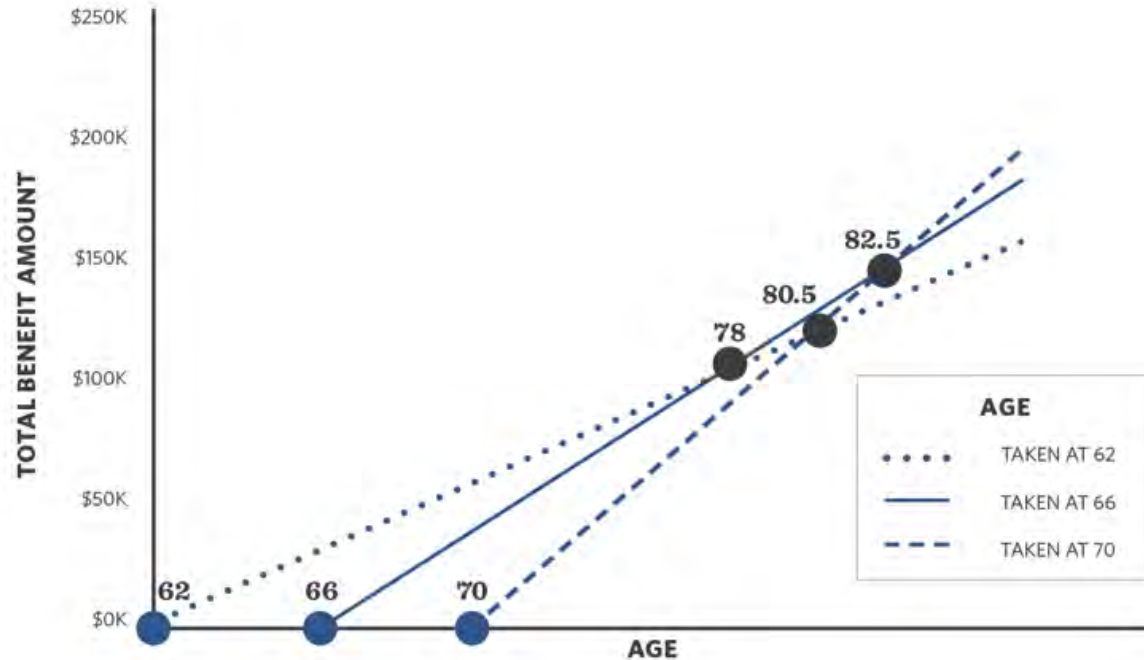
- A coordinated filing strategy between spouses can help optimize the amount received from Social Security
- Divorced spouses may be eligible for benefits

## **HEALTH AND LONGEVITY**

- Other sources of income may help bridge the gap so delayed retirement credits can be maximized, if appropriate

# SOCIAL SECURITY

## HYPOTHETICAL BREAK-EVEN AGES\*



\* Calculations assume a PIA of \$1,000 and an FRA of 66. This example is hypothetical and does not guarantee or predict an actual situation. Totals do not include cost of living adjustments. Example illustrates \$750/mo. at age 62; \$1,000/mo. at 66; \$1,320/mo. at 70.

Chart derived from "Social Security Benefits: Early or Late Retirement?" Social Security Administration, 2021

[https://www.ssa.gov/OACT/quickcalc/early\\_late.html](https://www.ssa.gov/OACT/quickcalc/early_late.html)

# SOCIAL SECURITY CHECKLIST

**Discuss** claiming strategies with your financial professional.

**Determine** how Social Security fits into your overall retirement.

**Consider** longevity. What if you or your spouse live a long time?

**Implement** a strategy that is tailored to your personal circumstances.

# HEALTHCARE



**“America’s healthcare system is neither healthy, caring, nor a system.”**

—*Walter Cronkite*

# HEALTHCARE

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**HEALTHCARE IS A MAJOR COST IN RETIREMENT, AND ONE THAT PROBABLY CONCERNS MANY OF YOU.**

**# 1**

**Healthcare costs are the top spending concern of retirees.<sup>1</sup>**

**\$424K+**

**Total lifetime healthcare costs for a healthy 65-year-old couple retiring today are projected to be \$424,635.<sup>2</sup>**

**5.4%**

**National health spending is projected to grow at an average annual rate of 5.4% until 2028 and reach \$6.2 trillion by 2028.<sup>3</sup>**

<sup>1</sup> "Breaking Down Health Care Expenses in Retirement," T. Rowe Price, March 2021

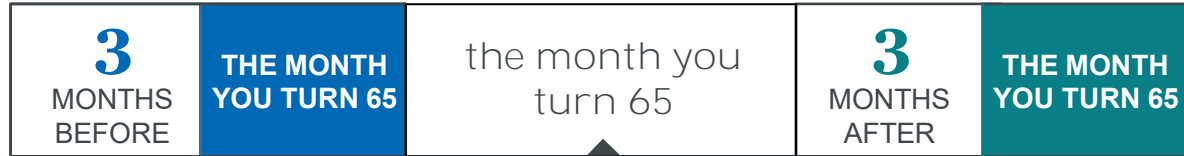
<sup>2</sup> "2020 Retirement Healthcare Costs Brief," HealthView Services, October 2020, ahead of publication

<sup>3</sup> "NHE Fact Sheet," CMS.gov, accessed December 2021

# HEALTHCARE IN RETIREMENT

## 1. MEDICARE ISN'T AUTOMATIC

- If you're retired and not collecting Social Security, you must enroll in Medicare during your initial enrollment period:



- Failure to enroll on time subjects you to late enrollment penalties and means you don't have health insurance coverage.
- If you're still working, check with your employer's human resources department to determine how your health insurance coverage integrates with Medicare and if you qualify for a later special enrollment period.





# HEALTHCARE IN RETIREMENT

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## 1. MEDICARE ISN'T AUTOMATIC

## 2. MEDICARE DOESN'T COVER YOUR SPOUSE OR FAMILY

- Unlike Social Security, Medicare is an individual benefit
- No coverage is provided to spouses or family members through Medicare
- Additional health insurance may be required for your spouse and family members when you enroll in Medicare



# HEALTHCARE IN RETIREMENT

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## 1. MEDICARE ISN'T AUTOMATIC

## 2. MEDICARE DOESN'T COVER YOUR SPOUSE OR FAMILY

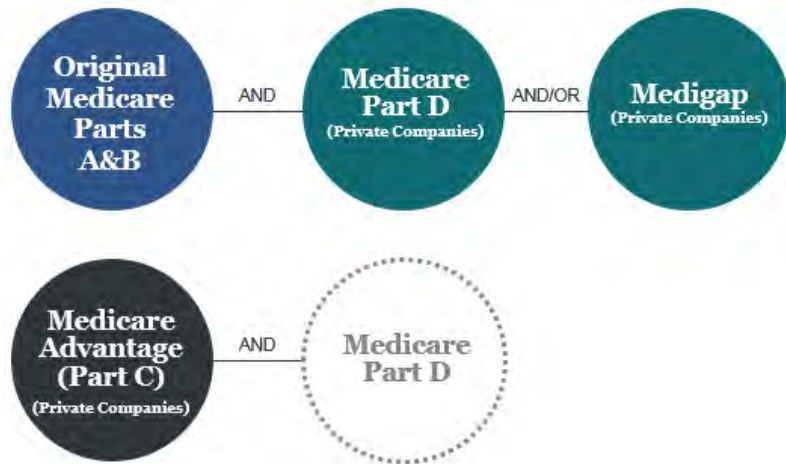
## 3. MEDICARE DOESN'T COVER EVERYTHING

Original Medicare doesn't cover:

- Hearing aids
- Dental and dentures
- Eye exams related to prescribing glasses
- Foot care
- Acupuncture
- Medical services in foreign countries
- Co-pays, co-insurance, deductibles

# HEALTHCARE IN RETIREMENT

1. IT ISN'T AUTOMATIC
2. IT DOESN'T COVER YOUR SPOUSE OR FAMILY
3. IT DOESN'T COVER EVERYTHING
4. YOU HAVE CHOICES



# MEDICARE

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THERE ARE TWO WAYS MOST INDIVIDUALS CAN GET MEDICARE COVERAGE. AN INDIVIDUAL'S PERSONAL CIRCUMSTANCES AND HEALTHCARE NEEDS CAN HELP DETERMINE HOW THEY SHOULD OBTAIN COVERAGE.

## ORIGINAL MEDICARE (PARTS A & B) + PART D AND MEDIGAP

- **Part A:** Hospitals, skilled nursing facility stays, and hospice care
- **Part B:** Physician visits, outpatient services, and home health visits
- **Part D:** Optional prescription drug policy
- **Medigap:** Optional standardized plans available through private insurers for out-of-pocket costs, deductibles, and co-pays (Medigap Plan F typically has the most coverage)

OR

## MEDICARE ADVANTAGE PLANS (PART C)

- This combines Part A, B, and usually D through a private company approved by Medicare
- People who prefer coverage from one provider may be inclined to opt for Part C
- Part C plans can cover vision, dental, and hearing

# MEDICARE COST COMPARISON

## CONSIDERATIONS MAY INCLUDE COSTS, SERVICES NEEDED, FLEXIBILITY, AND DOCTOR PREFERENCE

### ORIGINAL MEDICARE (PARTS A & B) + PART D AND MEDIGAP

OR

### MEDICARE ADVANTAGE PLANS (PART C)

- There may be no **Part A** premium for people who paid Medicare taxes while working
- The standard premium for **Part B** in 2022 is **\$170.10/month** per person<sup>1</sup>
- The National Base Beneficiary Premium for **Part D** in 2022 is **\$33.37**<sup>1</sup>
- **Medigap** Plan G premiums in Colorado can range from **\$112–\$401/month** in 2022 and can vary based on health, age, and location<sup>2</sup>
- Medigap plans may help reduce out-of-pocket costs

- Average estimated monthly premium for 2022 is **\$19/month**, but can range from **\$0–over \$200/month** in addition to the cost of Part A and Part B<sup>3</sup>
- Lower premiums typically mean higher deductibles and higher out-of-pocket costs
- For many plans, out-of-network providers will result in higher out-of-pocket costs

<sup>1</sup>"2022 Medicare Costs," Centers for Medicare and Medicaid Services, November 2021

<sup>2</sup>"Supplement Insurance (Medigap) Plans in Colorado [Medigap Policy Search for zip code 80202 for a 65-year-old, non-smoking female]," Medicare.gov, accessed December 2021

<sup>3</sup>"What Are the Costs of Medicare Advantage?" NCOA.org, December 2021

# MEDICARE COMPARISON

	ORIGINAL MEDICARE (PARTS A + B)	ORIGINAL MEDICARE PLUS MEDIGAP	MEDICARE ADVANTAGE HMO	MEDICARE ADVANTAGE PPO
Can I see any doctor?	Yes, if they accept Medicare	Yes, if they accept Medicare	No, in-network doctors only	Yes, out of network for a higher cost
Where can I get non-emergency care?	Anywhere in the U.S.	Anywhere in the U.S.	For most plans, in your area	For most plans, in your area
Where can I get emergency care?	Anywhere in the U.S.	Anywhere in the U.S.	Anywhere in the U.S.	Anywhere in the U.S.
Do I need a referral to see a specialist?	No	No	Usually	No, but the out-of-network copay may be higher
How do I get drug coverage?	Part D	Part D	You must join a Medicare Advantage plan with drug coverage*	You must join a Medicare Advantage plan with drug coverage*
Is there a cap on out-of-pocket expenses?	No	No	Yes	Yes
Will it cover hearing and vision?	No	No	Some plans do	Some plans do

\*If you don't get a Medicare Advantage plan with drug coverage, then you would need to get Part D coverage.

Source: "Medicare & You 2022," medicare.gov, 2022



# HEALTHCARE IN RETIREMENT

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1. IT ISN'T AUTOMATIC
2. IT DOESN'T COVER YOUR SPOUSE OR FAMILY
3. IT DOESN'T COVER EVERYTHING
4. YOU HAVE CHOICES
5. IT DOESN'T COVER THE COST OF LONG TERM CARE
  - THE AVERAGE COST OF AN ASSISTED LIVING FACILITY IN 2021 WAS **\$54,000** PER YEAR<sup>1</sup>
  - THE AVERAGE COST OF A SEMI-PRIVATE NURSING HOME ROOM IN 2021 WAS **\$94,900** PER YEAR<sup>1</sup>

<sup>1</sup> "Cost of Care," Genworth, accessed January 2022

# LONG TERM CARE

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## YOU CAN COVER LONG TERM CARE COSTS IN THREE PRIMARY WAYS

### PERSONAL SAVINGS

- Self-funded/insured
- Reverse mortgage
- Reliance on family members for care

### PRIVATE INSURANCE

- Long term care (LTC) insurance
- Life insurance and annuity LTC riders, if appropriate

### MEDICAID

- It's recommended to meet with an elder care attorney to determine Medicaid options and strategies in your state





# HEALTHCARE CHECKLIST



**Discuss** healthcare options with your financial professional.

**Budget** for deductibles, co-pays, and coinsurance.

**Enroll** in Medicare on time to avoid penalties or a lapse in coverage.

**Explore** long term care insurance options.

# AGING



**“Age is an issue of mind over matter.  
If you don’t mind, it doesn’t matter”**

*—Mark Twain*

# AGING — HAVE A PLAN

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## CONSIDER HOW AGING IMPACTS THE FOLLOWING



### Personal Assets

What type of assets do you have and who would you like them to pass to?



### Income & Insurance

What sources of income and insurance do you have to help pay for healthcare?



### Intentions

Where do you want to live, who will care for you, and who will handle your affairs?



### Banking Administration

What banking, bill pay, or money management services are available to you?



### Care Management

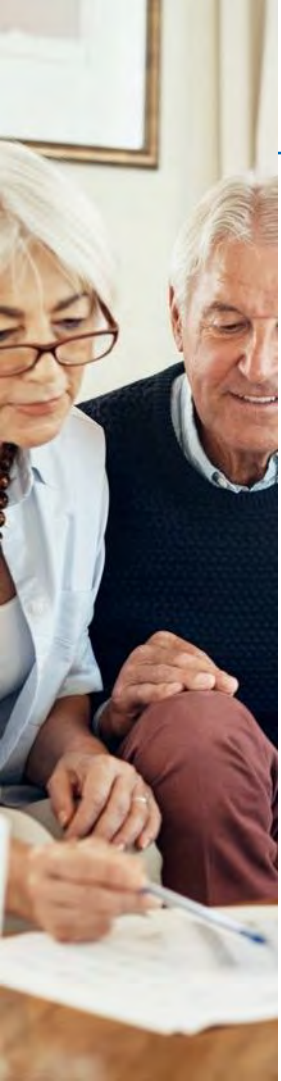
What adult day care, assisted living, community services, or LTC insurance are available to you?

# CHRONIC AND CATASTROPHIC CONDITIONS

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## MANAGING CHRONIC AND CATASTROPHIC HEALTH CONDITIONS IN RETIREMENT:

- Budget and prepare for the costs of chronic conditions, which become more common with age
- Prepare for catastrophic conditions that could impact your capacity, both physical and financial
- Consider the impact of cognitive decline





# ALZHEIMER'S AND DEMENTIA

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## TIMING IS CRITICAL WHEN SOMEONE IS DIAGNOSED WITH THE DISEASE

- Alzheimer's is a progressive disease
- Alzheimer's patients are prone to money mismanagement, poor financial choices, and are vulnerable to elder fraud
- There are more than **11 million** unpaid caregivers of victims of Alzheimer's and other dementias<sup>1</sup>
- Legal decisions and documents will be required
- To draft certain legal documents, you may be required to demonstrate "legal capacity" to make decisions
  - Wills
  - Advance Directives
  - POAs

<sup>1</sup> "Facts and Figures," Alzheimer's Association, accessed December 2021

# POWERS OF ATTORNEY (POA)

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**THE TOOLS USED TO PREPARE FOR COGNITIVE DECLINE OR ANY OTHER CATASTROPHIC HEALTH CONDITIONS ARE THE SAME. SOME OF THE PRIMARY ELEMENTS OF A SOLID PLAN INCLUDE:**

## **GENERAL POWER OF ATTORNEY**

Grants broad powers; terminates upon death, disability, or incapacitation

## **DURABLE POWER OF ATTORNEY**

Includes a durable clause that keeps the POA in force after the incapacity of the principal, but will end upon death

## **SPECIAL OR LIMITED POWER OF ATTORNEY**

The agent is only granted power over limited or specific areas, such as finances or healthcare

## **SPRINGING POWER OF ATTORNEY**

The POA is not active until the occurrence of a specific event



# DEATH OF A SPOUSE

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**THE DEATH OF A SPOUSE WILL HAVE BOTH AN EMOTIONAL AND A FINANCIAL IMPACT ON YOU AND YOUR FAMILY. IN MOST INSTANCES, THE MORE PREPARED YOU ARE FOR THE EVENT, THE BETTER OFF YOU'LL BE.**

## **ESTATE PRESERVATION**

- You should have copies of applicable estate planning documents on file (e.g., Trusts, POAs, Advance Directives)
- Remember that a qualified estate planning attorney will need to update these documents as needed
- It's recommended that all documents, passwords, account information, titles, and contacts be kept in a safe place and location known by a trusted individual

## **SOCIAL SECURITY SURVIVOR BENEFITS**

- A surviving spouse is eligible for a survivor benefit equal to what the deceased was receiving or was eligible to receive
- Other family members may also be eligible



# AGING CHECKLIST



**Talk** to your financial professional about your wishes.

**Ensure** you have the proper Power of Attorney in place.

**Review** your will and other estate planning documents.

**Communicate** your wishes to your loved ones.

# GOING BEYOND MONEY

## RETIREMENT IS A JOURNEY AND IT TAKES A TEAM



Gathering and organizing resources can be beneficial



Be informed



Leverage experienced professionals to help prepare



**THANK YOU**

# Contact Us

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Alex Helms

Wealth Advisor, Mueller Financial Services, Inc.

630.524.5260

[ahelms@muellersolutions.com](mailto:ahelms@muellersolutions.com)



Ryan Bertrand, CFP®, CLU®

Vice President & Managing Director, Transamerica Advanced Markets

720.493.4008

[rbertrand@transamerica.com](mailto:rbertrand@transamerica.com)



Elgin (Headquarters)  
1707 N. Randall Road, Suite 200  
Elgin, IL 60123  
tel:847.888.8600  
fax:847.888.0635

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