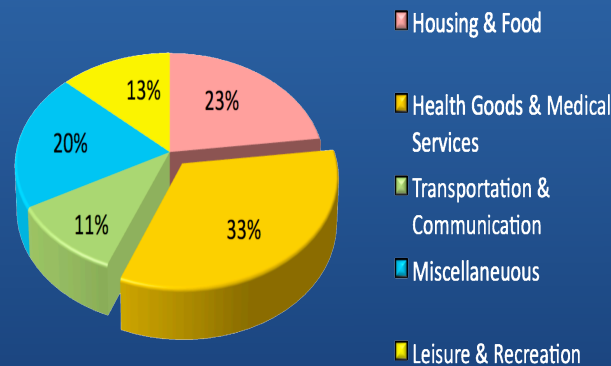


Become a healthcare-expense **expert** for your clients.

Many people believe that when they retire, their healthcare costs will equate to what they paid while enrolled in employer-sponsored plans. This is simply not true. In fact, according to the Employee Benefit Research Institute (EBRI), “**Medicare covers only 51 percent** of expenses associated with healthcare services.” So what does this mean for advisors? Simple: adapt your practice to offer stable savings vehicles for the **78 million Baby Boomers** who hold an estimated **\$15 trillion** in assets by addressing their number-one concern in retirement—**healthcare costs**.

Why is it important for advisors to know about Medicare?

Healthcare comprises 33% of all household expenditures for people over 60.*



*Credit Suisse - 2011

The evidence is clear. Healthcare is the number one issue facing retirees today.

78 million Baby Boomers want to know about healthcare expenses in retirement.

Medicare Facts

for Financial Advisors

They are turning to advisors for answers.



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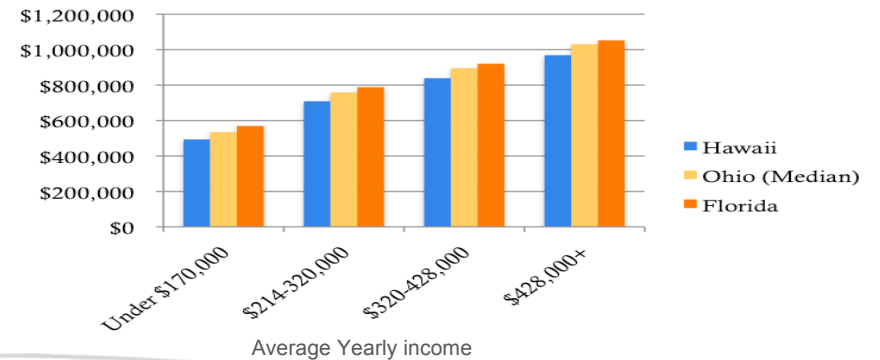
HVS financial

Here is why healthcare expenses must be factored into every retirement plan.

Fact: over the next 20 years, an average of 10,000 people per day will be entering the Medicare system, resulting in reduced benefits and additional costs to subscribers. This actuarial-based graph projects the cumulative out-of-pocket healthcare costs for a healthy couple retiring this year at age 65 (adjusted by state of residency *and* income). Yes, the couple in Florida can expect to pay over \$1,000,000 in healthcare expenses throughout retirement.

Shouldn't your clients be ready?

Projected Healthcare Expenses: Healthy Couple 65-90



Medicare Basics

PART A – Covers most hospital care, including inpatient care, skilled nursing facilities, and hospice care, but not all services. One wellness physical per year provided (no vitals or blood work).

Cost – Free

Eligibility – Three months before and after the month client turns 65 (if not already receiving Social Security).

Restrictions – Must be admitted to a hospital. No regular physicals.

PART B – Supplementary, but everyone enrolled must pay. It covers most other medically necessary services, such as doctors, physical therapy, equipment, etc.

Cost – Begins at \$99.90 per month, but premium is adjusted based on income. (Additional penalties can be incurred for signing up late.) Co-pays, deductibles, and excess charges can apply.

Eligibility – Automatic with **PART A**

Restrictions – Does not cover routine doctor visits, physicals, vision, dental, or podiatry.

PART D – Drug plan. Covers most or all of six main prescription drug categories, but specific drug coverage can vary and be quite complex.

Cost – Varies by both income and state of residency. 60% of plans will require an annual deductible that may be as much as \$320, but because of the **DONUT HOLE**, costs can reach into the thousands. Penalties can be incurred for signing up late.

Eligibility – Eligible at 65, open enrollment lasts from Nov. 15 to December 15

Restrictions – For a comprehensive list of drugs covered, advise clients to visit www.q1medicare.com.

PART C (ADVANTAGE PLANS) – Provided by private insurers. Alternative to Medicare Parts A and B. Some plans cover podiatry and/or vision.

Cost – Depends on coverage. Some advantage plans can actually be cheaper than Medicare.

DONUT HOLE

After \$6730, 95% of costs are covered.

Because of the Donut Hole coverage gap, beneficiaries will pay only 50% of the costs of brand name drugs and drug companies will pay the rest. Donut Hole ends at \$6,730. This gap is projected to close by 2020.

After deductible is reached, 5% is covered up to \$2930.

Subscriber is responsible for deductible

MEDI-GAP – Fills in the gaps on A and B when it comes to cost-sharing (co-pays, deductibles, excess charges).

Cost – Plan varies by terms and conditions of insurer, but most begin at approximately \$135 per month.