

Getting the most from Medicare benefits

Agenda

Top concerns

Medicare

Medigap

Medicare pros and cons

Costs

Enrollment periods

Things to consider

Resources

Top concerns in retirement

- Outliving your savings
- Your investments won't keep up
- The rising cost of medical expenses
- The death of your spouse

Source: "Top 4 Retirement Worries and How to Handle Them," Forbes.com, July 15, 2022.

What is Medicare?

- Federal health insurance program
- For people age 65 or older
(or the disabled after 2 years)
- Three main health care options:
Parts A, B, and C
- Prescription drug coverage is Part D
- Medigap and Medicare Supplement

Eligibility

- ✓ Age 65 or older or disabled for two years
- ✓ Qualify for Social Security benefits (elected or not)
- ✓ May be eligible based on spouse's or former spouse's eligibility

Medicare

Original Medicare

Part A helps with hospital costs

Part A

Part B helps with doctor's care and outpatient care

Part B

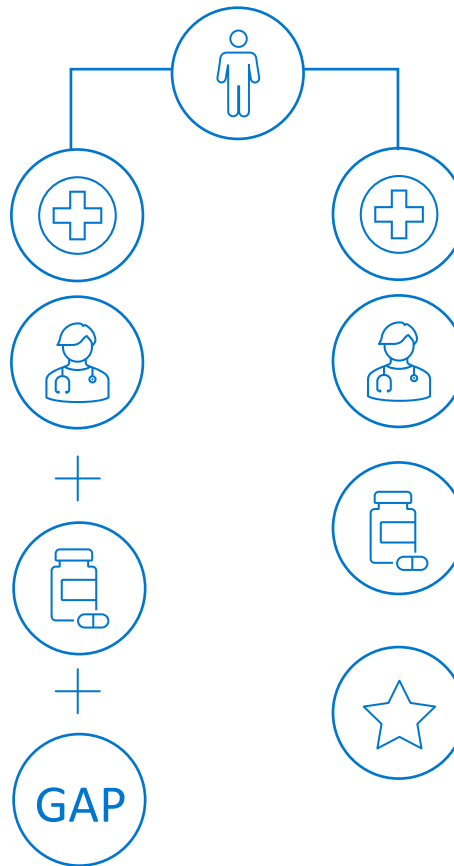
Part D stand-alone prescription drug plan

Optional add-on

Part D

Medigap (supplemental) plans fill in some of the financial gaps in Parts A and B

Optional add-on



Medicare Advantage

Part C combines hospital costs, doctor's and outpatient care

Prescription drug coverage through Advantage plans, as built-in coverage or no cost in some plans

Additional benefits such as vision, hearing services, health screenings, advice lines

Medicare Parts A and B

Original Medicare

PART A (hospital insurance)

- ✓ Hospital stays
- ✓ Skilled nursing care
- ✓ Home health care
- ✓ Hospice care

PART B (medical insurance)

- ✓ Doctors' services
- ✓ Outpatient medical/
surgical services
- ✓ Diagnostic tests
- ✓ Outpatient therapy

Medicare Part D

Prescription drug coverage

- ✓ Helps cover prescription drug cost
- ✓ Provided through private companies
- ✓ Voluntary enrollment
- ✓ Must be enrolled in Parts A and B
- ✓ Enroll during the initial enrollment period

Medigap

- ✓ From a private insurance company
- ✓ Premiums vary by company, coverage, and state
- ✓ Generally, doesn't cover long-term care, vision, dental, hearing aids, eyeglasses, or private-duty nursing
- ✓ Buy during a six-month open enrollment period
- ✓ Any standardized Medigap policy is guaranteed renewable even with health problems

Medigap

- ✓ Ten standardized plans: A, B, C*, D, F*, G, K, L, M, and N
- ✓ Plans cover costs like copayments, coinsurance, and deductibles
- ✓ Standardized plans must all offer the same benefits
- ✓ Cost is usually the only difference between policies (with same letter sold by different companies)
- ✓ Some states (MA/MN/WI) are standardized in a different way

*Medigap plans C and F were closed to new subscribers in 2020.

Medicare Part C

Medicare Advantage

- ✓ Coverage provided by private insurance companies
- ✓ Get all of coverage in Parts A and B
- ✓ May also get other benefits to help cover costs
- ✓ “Bundled” version of original (a la carte) Medicare
- ✓ Cost vary by plan

Medicare Part C

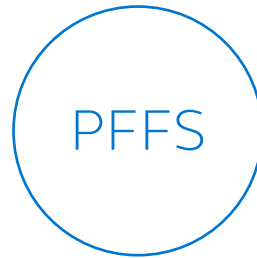
Medicare Advantage plans



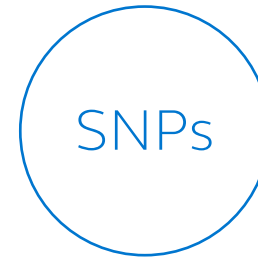
Health
Maintenance
Organizations



Preferred Provider
Organizations



Private
Fee-for-Service
Plans



Special Needs
Plans



Medical
Savings
Accounts

Original Medicare pros and cons

PROS

- ✓ Flexibility of doctors and hospitals
- ✓ Pick and choose the coverage:
 - Portability

CONS

- ✗ 80-20 Plan:
 - Unless Medigap is purchased
- ✗ More coverage = higher premiums
- ✗ No dental or vision

Medicare Advantage pros and cons

PROS

- ✓ All health care in one package
- ✓ Dental and vision can be included
- ✓ Out of pocket maximums can be included

CONS

- ✗ If doctor or hospital is out of network:
 - Additional out of pocket costs may be incurred
- ✗ Limited to PPO or HMO networks:
 - Unless a PFFS, SNP, or MSA plan is purchased
 - Limited to what the plan allows

Original Medicare costs

Part A	=	\$0 premium (if met 40 quarters)
Part B	=	\$174.70 (higher if subject to IRMAA*)
Part D	=	\$31.50 (natl. avg. monthly premium) ¹
Medigap	=	\$143.46 (Plan G avg. monthly premium) ²

Estimated total = \$349.66 monthly premium

May not include co-pays or deductibles
(Depends on your Medigap Plan)

*Income-related monthly adjustment amount (IRMAA)

¹ Centers for Medicare and Medicaid Services (CMS), "Annual Release of Part D National Average Bid Amount," July 29, 2022.

² MedicareSupplement.com. "The 2022 Average Cost of Medigap Plan F and Plan G by Age", February 3, 2023. The average cost of Medigap varies depending on eligibility, age, location, carrier, and other factors.

Medicare Advantage costs

Part C base premium	=	\$174.70 (higher if subject to IRMAA)
Additional plan premium	=	\$19.00 (national average*)

Estimated total = \$193.70

Total average monthly premium varies by state and local jurisdiction as well as by plan

*CMS.gov estimate for 2023

Part B Premium

Modified adjusted gross income

File individual tax return	File joint tax return	Monthly payment
\$103,000 or less	\$206,000 or less	\$174.70
\$103,001 to \$129,000	\$206,001 to \$258,000	\$244.60
\$129,001 to \$161,000	\$258,001 to \$322,000	\$349.40
\$161,001 to \$193,000	\$322,001 to \$386,000	\$454.20
\$193,001 to 500,000	\$386,001 to \$750,000	\$559.00
Above \$500,000	Above \$750,000	\$594.00

IMPORTANT NOTE

If not enrolled when first eligible, premiums will increase 10% for each full 12 months until enrolled.

Part D premium

Prescription drug plans

Premiums set for policy offered

If income above certain limit, an income-related adjustment amount (IRMAA) is paid in addition to the premium

There may be an additional premium cost

Part D Premium

Modified adjusted gross income

File individual tax return	File joint tax return	Additional payment
\$103,000 or less	\$206,000 or less	+ \$0.00
\$103,001 to \$129,000	\$206,001 to \$258,000	+ \$12.90
\$129,001 to \$161,000	\$258,001 to \$322,000	+ \$33.30
\$161,001 to \$193,000	\$322,001 to \$386,000	+ \$53.80
\$193,001 to 500,000	\$386,001 to \$750,000	+ \$74.20
Above \$500,000	Above \$750,000	+ \$81.00

Source: MAGI from 2021 Tax Return.

Initial enrollment period

If receiving Social Security:

- Auto enrollment at age 65

7-month enrollment window:

- 3 months before 65th birth month
- 3 months after 65th birth month

If enrollment deadline is missed:

- Must wait until general enrollment period: January 1 through March 31 of each year

Part B monthly premium penalty may apply, equal to 10%, for each full 12-month period that you could have had Part B but failed to enroll.

Special enrollment period

If covered by a qualified group plan:

- Sign up for Part A or Part B anytime
- During an 8-month window after employment ends:
 - Qualified group coverage is lost

COBRA and retiree plans:

- Don't count as qualified coverage

Medicare supplement enrollment

A one-time, 6-month Medigap Open Enrollment period:

- Starts the first month you're 65 and enrolled in Part B.

This period provides a guaranteed right to buy any Medigap policy regardless of health status.

Once this window is closed, you can change plans but underwriting may occur.

Prescription drug enrollment

During the initial enrollment period (7-month window)

Can change plans each year from October 15 to December 7

Late enrollment penalty:

- Multiply 1% of “national base premium” times number of months without coverage

Open enrollment period

Once covered under Medicare:

Enrollees can change plans:

- Original Medicare to Medicare Advantage
- Medicare Advantage to Original Medicare
- Medicare Advantage to Medicare Advantage
- Part D to another Part D

Annual enrollment period is from October 15 to December 7.

Enrollment period summary

Enrollment period

- Initial enrollment
- Special enrollment
- Open enrollment

When to enroll

- 7 months around 65th birth month
- Within 8 months
- October 15 to December 7

Considerations

- Avoid penalties for late enrollment
- Still working and covered beyond age 65
- Shop for better plans, lower cost, more coverage

Things to consider

- ✓ Evaluate health care needs
- ✓ What plans cover needed services
- ✓ Have any other coverage
- ✓ Costs: premiums, deductibles, and co-pays
- ✓ Choice of doctors or hospitals
- ✓ Prescriptions drug coverage
- ✓ Quality of care
- ✓ Convenience
- ✓ Travel

Resources

Center for Medicare & Medicaid Services

800-633-4227

[medicare.gov](https://www.medicare.gov)

Social Security Administration

800-772-1213

[socialsecurity.gov](https://www.socialsecurity.gov)

State Health Insurance Assistance Program

[medicare.gov/contacts](https://www.medicare.gov/contacts)

Eldercare Locator

eldercare.acl.gov

Thank you

Important information

The content of this presentation is based upon reliable source material and is believed to be correct as of the time of creation; however is subject to change at any time without warning. Investors should consider consulting with their tax professionals prior to making decisions due to their unique circumstances.

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