

5 Things You Need to Know RIGHT NOW About Your Retirement



What You Don't Know About Your Retirement Could Hurt You

Many of us believe that between Social Security and a number of savings plans or investments we will be all set.

The truth is there are two important problems that could negatively affect our retirement income: Taxes, and the rising costs of health care.

We have prepared this brief booklet to make you aware of how those two problems could hurt your chances of a comfortable retirement. **ERA Business Solutions** is uniquely prepared to illustrate, manage, and correct these problems in order for you to enjoy a more secure retirement.

The sooner you take action the better. Waiting until it's too late can hurt you as much as the problems themselves, making the solutions much more complicated than they need to be.

Most of what you will read here is in the public domain and is readily available if you search for it.

We aim to help you by compiling the information and making it as simple to understand as possible in the hopes that you will take action right now to secure your future.

We can work directly with you as your solutions provider or in coordination with your trusted financial advisor.

Contents:

MEDICARE IS MANDATORY	A brief explanation of Medicare mandates.
YOU HAVE ONLY PAID FOR ONE PART OF MEDICARE	There are many parts to Medicare, but the deductions from your paycheck have only paid for one of them
IRMAA COULD HURT YOUR RETIREMENT INCOME	What is IRMAA, how it substantially changed in 2018, and how it can hurt your retirement income
IRMAA INCOME DEFINED	Not all income is IRMAA taxable income. Here are a few of the income streams the IRS considers when computing your modified adjusted income.
REDUCING YOUR IRMAA LIABILITY AND PROTECTING YOUR RETIREMENT INCOME	ERA Business Solutions staff are IRMAA Diagnostic Experts that can illustrate the problem for you and find solutions.

1

Medicare is Mandatory

Here is a common scenario: You reach retirement age and you strut happily into the Social Security office near you to complete the necessary forms to get your check. The first shock you receive is when they tell you: "Excuse me, but you have to go to the Medicare offices first and sign up for it."

Sign up for Medicare?

Yes. It is mandatory to sign up for Medicare when you reach the age of 65. Even if you are still working and have medical insurance paid by your employer YOU MUST REPORT IT to Medicare or you can incur in penalties.

The only way to get medical insurance in the US and its protectorates after 65

years of age is through Medicare - there is NO OTHER CHOICE. And you cannot renounce it, because you would be forfeiting all of your past, present, and future Social Security benefits if you do.

The second shock you receive is when the Medicare office tells you what you must pay them for this mandatory benefit.

That amount comes out of your Social Security check and increases every year (faster than cost of living adjustments), and then - if things weren't shocking enough - they inform you that the amount you must pay depends on what your IRMAA income was the last two years before retiring.



Medicare was created in 1965 and had not been changed or adjusted until IRMAA in January 2018.

There are 76,000,000 baby boomers retiring. 10,000 are retiring each day.

The government is trying to keep Medicare from going bankrupt by charging people with higher incomes more.

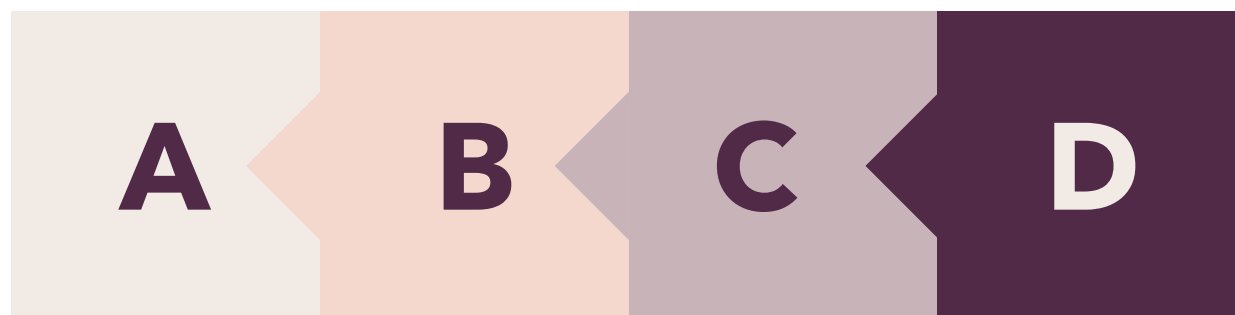


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You have only paid for ONE PART of Medicare. What about the rest?

Many of us think that we paid for Medicare out of our payroll deductions and we would be right, sort of. We actually only paid for Medicare Part A. But

what about the other parts of Medicare? Those are the ones we have to pay when we retire. They can be very costly and you can expect a 7% average rise per year.



Medicare Part A Hospital Coverage

- Inpatient hospital care
- Inpatient stays in most nursing facilities
- Hospice and home health services

PREMIUM:

None if you or your spouse earned 40 or more work credits through payroll taxes at work.

Medicare Part B Medical Coverage

- Doctor and clinical lab services
- Outpatient preventive care
- Screenings, surgical fees, and supplies
- Physical and occupational therapy

PREMIUM:

For most people, \$109 or \$134 a month depending on circumstances and income level (IRMAA).

Medicare Part C Medicare Advantage

- Alternate way of getting Medicare Part A and Part B coverage.
- These are private medical plans that combine Part A and part B together in one plan.
- Generally offered as:
 - HMO plans
 - PPO plans
 - PFFS plans
 - SPN plans

PREMIUM:

Variable, depending on income level (IRMAA).

Medicare Part D Prescription Drug Coverage

- Can be stand alone plan (not joined with other insurance) or
- Combined with a Medicare Advantage plan
- Help cover costs of prescription drugs
- May help lower prescription drug costs

PREMIUM:

Variable, anywhere from \$35 to \$230 a month depending on circumstances and income level (IRMAA).

3

IRMAA could hurt your retirement income

IRMAA STANDS FOR "INCOME RELATED TO THE MONTHLY ADJUSTED AMOUNT"

IRMAA is a surcharge added to your Medicare premiums. It went into effect in 2011.

Medicare recipients have to go through a *Means Testing* procedure that translates, in plain terms, into "the more you earn the more you have to pay for Medicare."

New IRMAA income threshold tables went into effect January 2018.

IRMAA calculates income and assets that you earned the two years prior to your retirement, and your projected income every year thereafter based on data the Social Security Administration has about you and your spouse (if applicable).

According to what income bracket you fall into, you may be required to pay a surcharge on top of your regular Medicare premiums.

These have nothing to do with your state of health, it is simply the government's way of trying to keep Medicare from going bankrupt.

Whatever your Adjusted Gross Income is, according to IRMAA calculations, that amount places you into one of six income levels.

If you go over that amount by just one dollar in any one month during those two years before retiring, or any time thereafter, you are moved

up into the next level, and you have to pay the corresponding surcharge.

IRMAA level 2 begins for individuals with \$85,001 income or couples filing jointly with \$170,001.

Landing in level 2 would increase your monthly premium by 35% or approximately from \$388 to \$524 per month!

Social Security cost of living adjustments cannot keep up with the rising costs of Medicare. These

surcharges are added regardless of you having a Medicare supplemental plan.

Remember that enrolling in Medicare is

mandatory, so there is no "escaping" these monthly premiums or the surcharges if your income exceeds the specified levels.



There are strategies ERA Business Solutions provides to alleviate these surcharges by legally "converting" your income sources to programs that are out of IRMAA's "radar."

IRMAA Income Defined

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Not every asset is considered income by IRMAA.

What IRMAA measures within your last two years prior to retiring and thereafter is your *adjusted gross income* plus any tax-exempt interest, or everything on lines 37 and 8b of your 1040.

Examples:

- Social Security
- Wages
- Pension Income
- Rental Income
- Capital Gain (incl. home)
- Dividends (incl. municipalities)
- Specific Annuities
- 401 (k)
- Traditional IRAs
- 403 (b)

- 457
- SEP-IRAs
- Others

Remember that what you are making today isn't necessarily what you will make just prior retirement age plus your expected investment dividends and Social Security income.

What is important is to make sure that your retirement income is outside of IRMAA's definitions of income.

That is where ERA BUSINESS SOLUTIONS comes in. We are one of the very few organizations registered to use software designed to analyze all of your income and diagnose your IRMAA liability.

IRMAA SURCHARGE THRESHOLDS AS OF 2018 Due to be revised by 2025

File Individual Tax Return	File Joint Tax Return	File Married & Separate Tax Return	You Pay (in 2018)
\$85,000 or less	\$170,000 or less	\$85,000 or less	Your plan premium
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	Not applicable.	\$13 + your plan premium
Above \$107,000 up to \$160,000	Above \$214,000 up to \$320,000	Not applicable.	\$33.60 + your plan premium
Above \$160,000 up to \$214,000	Above \$320,000 up to \$428,000	Above \$85,000 up to \$129,000	\$54.20 + your plan premium
Above \$214,000	Above \$428,000	Above \$129,000	\$74.80 + your plan premium

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Reducing your IRMAA Liability and Protecting your Retirement Income



What is the cure for IRMAA?

As responsible financial professionals, ERA Business Solutions needs to examine your financials in order to come up with a proper diagnosis of your economic health.

What sets us apart is the unique, specialized diagnostic software we are licensed to use in order to examine your income sources and determine which of them could affect your IRMAA threshold.

Our methodology not only determines where you stand at the moment of we conduct the study but also analyses whether there will be a moment any time after retirement where you could be at risk of moving from one IRMAA bracket to the next.

To be clear, you will always have to pay for Medicare - it is unavoidable - but our responsibility is to identify income streams that may force you to pay more than necessary and, based on the our study's outcome, suggest proper solutions to keep you within the lowest Medicare premium payment possible.

Our diagnostic test requires our staff to be connected to the internet at the

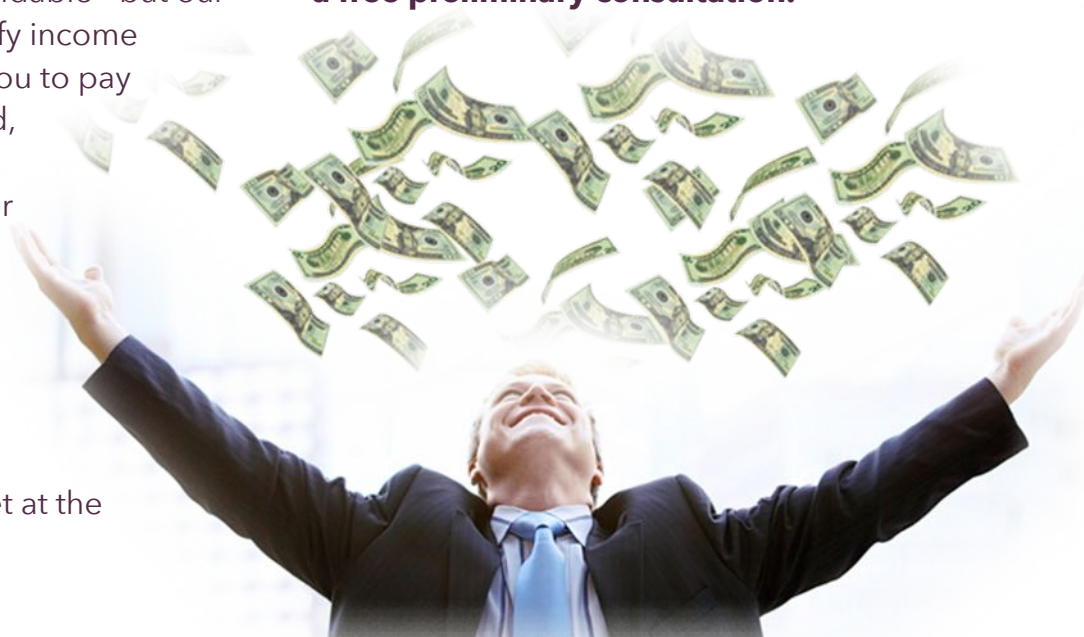
moment of our interview and for you to have all pertinent financial information at your disposal in order for us to run our tests.

We have included a sample worksheet in this publication that you can use to gather the required information so that you can have it all ready when you schedule your diagnostic evaluation.

There is a cost for this evaluation but there are circumstances that allow us to defer or waiver that cost for you. Please contact us for more information about the ways your cost could be waived.

We are here to make sure you can enjoy the happiest and most prosperous retirement possible.

Give us a call right now or email us for a free preliminary consultation.



Screen Shots Of Diagnostic Tool

Report Information

	First Name	Last Name
Primary	Seymour	Peoples
Spouse	Muchaa	Peoples

Personal information is entered into the Diagnostic Tool.

Benefit Calculators

Social Security Quick Calculator

Benefit estimates depend on your date of birth and on your earnings history. The "Quick Calculator" does not access your earnings record; instead, it will estimate information you provide. So benefit estimates made by the Quick Calculator are estimates.

Although the "Quick Calculator" makes an initial assumption about your potential benefit, you have the opportunity to change the assumed earnings (click on "See the earnings history" to submit the form below).

Enter your date of birth (month/day/year format) 6 / 15 / 1950

Enter earnings in the current year: \$40000

With your authorization, our Diagnostic Tool pulls your Social Security data and calculates Social Security income.

Coverage Information (Cost per Individual)

	Owned By	Tax Rate
4 Brokerage Account	Muchaa	28%
5 Rental Income	Seymour	Monthly Income

1500
1800
2400

Other incomes are entered, like 401Ks, IRAs, rental incomes, etc. with their expected rates of return.

Coverage

	Current Base Monthly Premium
Medicare Part B	\$134.00
Medicare Part D	\$56.1
MediGap	\$258.083333333
Current Total Monthly Costs	

Diagnostic Tool then adds Medicare Base Monthly Premiums to the data and calculates lifetime premiums.

MediGap

Your Total Projected Cost for Healthcare through age 90:

\$1,764,567

GENERAL REPORT INFORMATION

Primary Secondary
Gender MALE FEMALE
State FL
Married Filing Jointly

The result is the **Total Projected Healthcare Cost** through age 90, in this example for individual and spouse.

2038	72	\$31,703.72	\$7,302.88	\$
2039	73	\$32,337.80	\$7,876.89	\$
2040	74	\$32,984.55	\$11,856.38	\$
2041	75	\$33,644.25	\$12,788.29	\$
2042	76	\$34,317.13	\$13,793.45	\$
2043	77	\$35,003.47	\$14,877.61	\$
2044	78	\$35,703.54	\$16,046.99	\$

In this case, the Diagnostic Tool flags that IRMAA level 2 will be reached at age 74 resulting in a massive jump in costs.

Income Used by Medicare

	SSI (Seymour)	SSI (Muchaa)	401k (800,000)	brokerage (taxable) (Muchaa)	rental (0)	T
4)	remove	remove	remove	remove	remove	
	Annual	Annual	Annual	Annual	Annual	
5	33,600.00	27,600.00	32,004.00	36,000.00	28,800.00	158,000.00
6	34,272.00	28,152.00	32,004.00	36,000.00	28,800.00	158,000.00

Based on Diagnosis, we suggest converting certain assets into instruments not "taxed" by IRMAA.

MediGap

Your Total Projected Cost for Healthcare through age 90:

\$1,499,832

GENERAL REPORT INFORMATION

Primary Secondary
Gender MALE FEMALE

In this case, just **ONE** converted asset results in a savings of **\$264,735 over the couple's lifetime!**



Frequently Asked Questions

How do I know if I will be affected by IRMAA and be forced to pay surcharges on my Medicare bill?

The only *sure* way to know is by setting up an appointment with ERA Business Solutions to run the IRMAA Diagnostic Tool with you, examine your financials, and present you with an accurate diagnosis of your IRMAA liability, if any.

Why haven't my financial advisors warned me about IRMAA?

Chances are your financial advisor or CPA will not have known to look for this information. That is not their fault. The US Government changed the rules concerning IRMAA on January this year, without doing much to inform the public about it. Even though information is readily available in the Medicare website and other sources, you wouldn't know to even look for it if you didn't know that there was a change in the first place.

Is it true that IRMAA surcharges can be waived by just filing an appeal?

FALSE. *Be very careful with people advising this.* There IS an appeal process but it is lengthy and extremely difficult, not to mention mostly unsuccessful. The only way to reduce the impact of IRMAA is to examine your finances as soon as possible (it is much more difficult if you wait until retirement age) and to convert as many of your income streams into legal, tax free, financial instruments not considered IRMAA income. This is a complex process that only a few financial experts like ERA

Business Solutions are qualified to perform. We can work with your CPA and financial advisors to find the best strategies possible for you.

I don't make that much money. Why should I even worry?

Just because you might not be making much money now doesn't mean that your situation will never change for the better! Any number of life changing events might affect you such as a marriage or a new job. You might have overlooked financial instruments that don't produce income until you retire or that beach house you rent out during holidays. And don't forget that IRMAA income includes your Social Security check! It is better to go through our Expert IRMAA Diagnostics just to be sure. In many instances, the diagnostic fee can be waived.

**Don't trust your future to chance!
Contact your ERA Business Solutions
Advisor right now to schedule your
IRMAA Diagnostic right now!**





IRMAA Diagnostic Evaluation Worksheet

Marital Status*: Married: ☐ Single: ☐

Physical: Height: Weight (Lbs):

Have you gained or lost more than 10 pounds in the last 3 months? Yes ☐ No ☐

Family History: Father Alive ☐ Deceased ☐

Age:

Cause of death (if applicable):

Mother Alive ☐ Deceased ☐

Age:

Cause of death (if applicable):

IRMAA Income:

Accounts you have and their amounts in the respective categories:

- Brokerage Accounts (Stocks, Bonds, etc.) \$
- 401K 403(B) 457 \$
- IRA \$
- Municipalities \$
- Rental Income \$
- Pensions: \$
- Annuities: \$
- Cash Value (Permanent) Life Insurance
 - \$ Death Benefit
 - \$ Cash Value

*If married, please fill out a duplicate of this form with spouse's information.

IMPORTANT NOTE: Please do not send this information. As soon as you have compiled this information, please call me at (787) 539-7111 or email me at ernesto@erabizsolutions.com for an appointment. It will be a pleasure to help you secure a more prosperous retirement!



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