

What Will I Do for Health Insurance in Retirement?

A Guide to Navigating Medicare

After years of relying on employer-sponsored plans, the idea of securing your own health coverage can feel overwhelming. The transition to Medicare or other insurance options brings new decisions, unfamiliar terminology and important deadlines to be aware of. You may wonder how to avoid gaps in coverage, how much it will cost, or what choices will best fit your health and financial needs in this next stage of life.

We recognize that these decisions have a lasting impact, not only on your health, but on your long-term financial security. That's why we take a collaborative approach, guiding our clients through this process as an integral part of a well-rounded retirement plan. Our mission is to ensure you feel informed, confident and ready to enjoy retirement with peace of mind. In partnership with our network of trusted resources, we're here to help you make thoughtful, well-informed decisions that support your broader wealth management goals.

THE BASICS OF MEDICARE

Medicare is a federal health insurance program designed primarily for individuals age 65 and older, as well as certain younger people with disabilities. It consists of several parts:

- **Part A (Hospital Insurance):** Covers inpatient hospital stays, skilled nursing facility care, hospice, and some home health care. If you or your spouse worked at least 10 years (40 quarters), you generally won't pay a premium for Part A.
- **Part B (Medical Insurance):** Covers doctor visits, outpatient care, preventive services, and certain medical supplies. The standard monthly premium for 2025 (which is adjusted yearly) is \$185 per person for individuals earning under \$106,000, or married



couples earning under \$212,000. If your income exceeds these limits, your premiums will also increase, operating similarly to how tax rates are calculated—higher income levels lead to higher premiums. However, unlike tax brackets, the rates are cliff-based. If your income goes just \$1 into the next bracket, you are subject to higher rates.

- **Part C (Medicare Advantage):** Offered by private insurers, these plans bundle Part A and Part B (and often Part D) into one policy. They act as a replacement for “Original Medicare” (Parts A and B).
- **Part D (Prescription Drug Coverage):** Helps cover the cost of prescription medications. Part D plans are provided by private insurers.

MEDICARE ENROLLMENT

Getting the timing right for Medicare enrollment helps you avoid costly penalties and coverage gaps. The two key periods we are going to cover are the **Initial Enrollment Period** and the **Special Enrollment Period**.

- **Initial Enrollment Period:** Your first opportunity to enroll in Medicare.
 - **Timing:** There is a 7-month window that
 - Begins 3 months before the month you turn 65
 - Includes your birthday month
 - Ends 3 months after your birthday month
 - **Automatic Enrollment**
 - If you’ve been receiving Social Security for at least 4 months before turning 65, you’ll be automatically enrolled in Parts A and B.
 - **What you enroll in:**
 - **Part A:**

If you qualify for premium-free coverage (you or your spouse have worked at least 10 years), it’s best to enroll as soon as you’re eligible—even if you’re still working.
 - **Part B:**

Enroll unless you have credible employer coverage (either yours or your spouse’s).



- **Part D:**

Even if you don't currently take medications, it's wise to enroll. You won't be penalized immediately for skipping Medicare Part D, but once you eventually enroll, Medicare will check if you went 63 or more days without creditable prescription drug coverage. If so, a lifetime penalty is added to your monthly premium. For example, if you delay enrolling for 24 months, your penalty would be 24% of the national base premium. In 2025, that's about \$8.83 extra per month, every month going forward.

- **Special Enrollment Period:** For those who delay enrollment due to employer coverage.
 - If you or your spouse are still working at age 65 and have coverage through a qualified employer health plan, you can delay Parts B and D without penalty.
 - Once that coverage ends, you have:
 - 8 months to enroll in Part B
 - 63 days to enroll in Part D

TRADITIONAL MEDICARE WITH A SUPPLEMENT VS MEDICARE ADVANTAGE

When enrolling, you'll likely choose between two main paths:

- **Path #1: Original Medicare (Parts A and B) + Medigap + Part D**

This option often has higher premiums (in addition to the Part B premium), but it offers predictable costs and broad provider access. When you visit a doctor, you present both your Medicare ID card and your Medigap ID card. Medicare acts as your "primary" insurance, with Medigap filling in the "gaps" of coverage that Medicare does not cover. Medigap policies introduce a whole new alphabet of plans, ranging from A to N. This decision, and many others, is why we love partnering with our team of trusted experts to find the best plan for your personal situation.

- **Enrollment Timing Tip:** If you want a Medigap plan to help cover costs, the best time is during your Initial Enrollment Period or when you begin to enroll in Part B. During this time, insurers can't deny you coverage or charge more based on health.



- **Path #2: Medicare Advantage (Part C)**

Often low or no premiums (in addition to the required Part B premium), but you'll pay co-pays as you use services and may be restricted to specific networks. When you visit the doctor, you present your Medicare Advantage card—in most cases, there is no need for your Medicare card anymore. If you enroll in a Medicare Advantage plan, you're still technically enrolled in Original Medicare (Parts A and B), but the coverage is administered by the private insurer.

WHAT MEDICARE DOESN'T COVER

Medicare generally doesn't cover:

- Routine dental, vision, or hearing care (separate insurance or Advantage plans may help)
- Long-term care or custodial care beyond certain short-term skilled nursing facility stays

THE BOTTOM LINE

Health insurance in retirement doesn't have to be stressful. The keys are:

- Understand the parts of Medicare and how they work.
- Enroll on time to avoid penalties.
- Compare Medicare Advantage and Medigap options carefully. It's often wise to consult a professional who can help you evaluate your choices and navigate the various supplement plans available.
- Plan ahead for dental, vision, and long-term care gaps.

With good preparation, you can move to Medicare with confidence and peace of mind. Trust Company of the South is grateful to have helped many clients walk through the Medicare education and decision-making process. We are also thankful for our outside resource partners who help answer highly technical questions and are equipped to provide any expert guidance needed.



FOR MORE INFORMATION, PLEASE REACH OUT TO:

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