



Financial Wellness 360®  
Advisor Connection

See back cover for more information

# Social Security and Medicare

Worksite education



## ACTIVITY

# Your questions about Social Security and Medicare

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1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

 **At what age**  
do you want to retire? \_\_\_\_\_

# Section 1: Social Security

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## How do you envision your retirement?

Retirement is a phase of life that can last 20, 30 or even more years. As you prepare, you need to ask yourself some pretty important questions.

And if you're a couple, you need to work on your answers together. Your partner may have a significantly different idea of retirement than you do. Talk about your differences and be proactive in defining how you want your future to look together.

**What** do you want to do in retirement?

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**How** do you want to live?

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**Where** do you want to live?

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**Who and what** are important to you?

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# Social Security basics

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## Do you know the basics?

Fill in the blanks below as you learn about the concepts in today's session:

1. The number of quarterly credits needed for eligibility: \_\_\_\_\_  
\_\_\_\_\_

2. Full benefits are based on: \_\_\_\_\_  
\_\_\_\_\_

3. My full retirement age is: \_\_\_\_\_  
\_\_\_\_\_

4. My spouse's full retirement age is (if applicable): \_\_\_\_\_  
\_\_\_\_\_

**Answers**

1. 40

2. Credits earned

3. Based on year of birth

4. Based on year of birth

# Know the terms

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## **FRA Full Retirement Age**

The age you're eligible to receive full Social Security benefits. Your FRA depends on your year of birth.

## **PIA Primary Insurance Amount**

The PIA determines how much Social Security you'll receive at your FRA.

## **AIME Average Indexed Monthly Earnings**

AIME is a factor in determining your Social Security benefit.

## **DRC Delayed Retirement Credits**

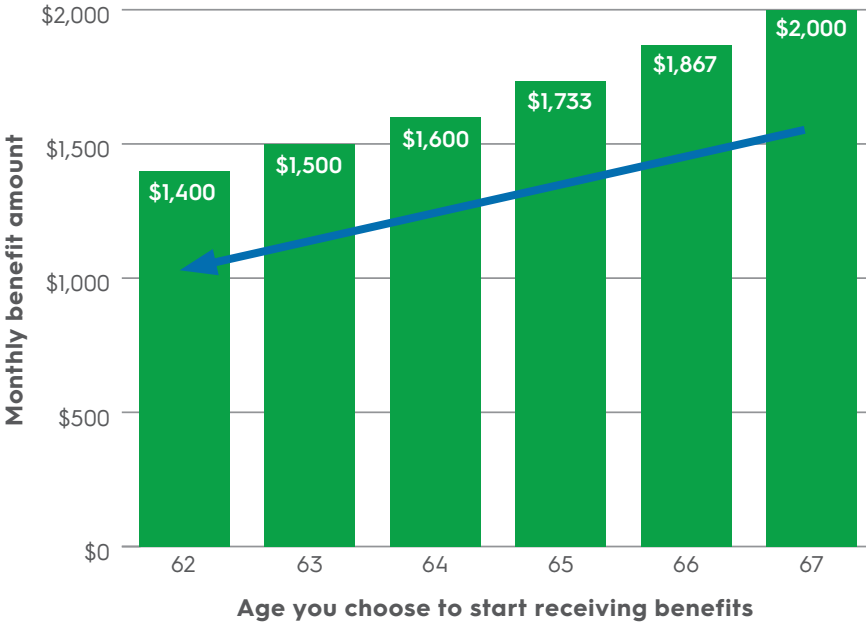
If you delay collecting Social Security beyond your FRA, benefits increase annually each year you delay claiming until age 70. The amount of the increase is 7 to 8 percent, depending on your FRA.

## **COLA Cost-of-Living Adjustment**

Social Security can increase or decrease based on the COLA measure of inflation. The average COLA adjustment was slightly over 2 percent per year in the last 20 years.

Source: SSA.gov, Frequently Asked Questions, January 2025, [www.ssa.gov/faqs/en/questions/KA-02387.html](https://www.ssa.gov/faqs/en/questions/KA-02387.html).

# Claiming early

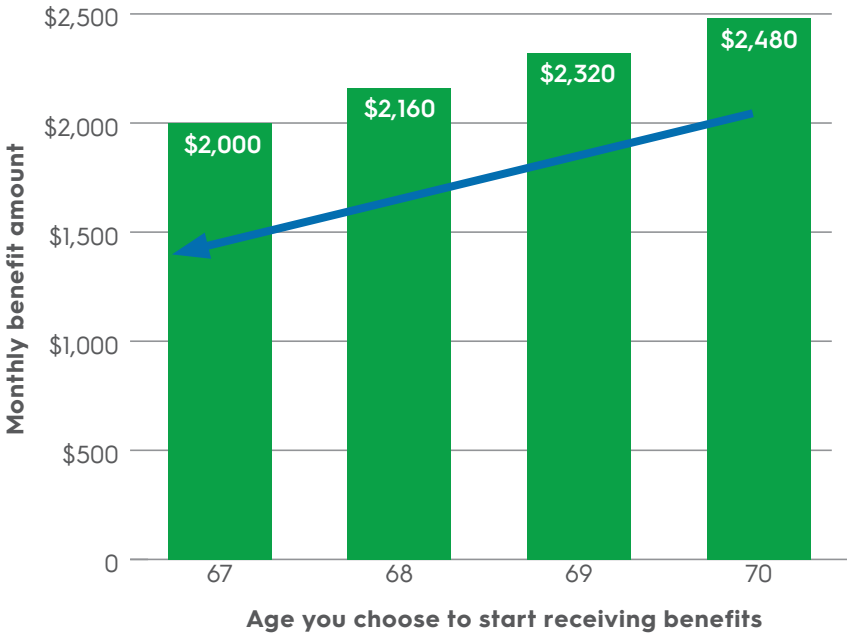


Graph assumes a \$2,000 benefit at FRA.

Example figures from Social Security Publication No. 05-10147, [ssa.gov](https://ssa.gov), 2024. This is a hypothetical example for illustrative purposes only.

# Claiming late

## Earns deferred retirement credits



Graph assumes a \$2,000 benefit at FRA.

Example figure from Social Security Publication No. 05-10147, ssa.gov, 2024. This is a hypothetical example for illustrative purposes only.





# Break-even analysis

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## Example

### When does claiming early “breakeven” with claiming later?

#### Claiming early vs. later

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1. Claim early at age 62	\$1,400 monthly or \$16,800 annually
2. Claim later at age 67	\$2,000 monthly or \$24,000 annually

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#### Age 76 is the break-even point

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1. <b>Early claim:</b> Cumulative benefit earned by age 79	\$285,600
2. <b>Later claim:</b> Cumulative benefit earned by age 79	\$288,000

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This is a hypothetical example for illustrative purposes only. Example created based on data from Social Security Publication No. 05-10147, [ssa.gov](http://ssa.gov), 2024.

#### Notes

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# Are Social Security benefits taxed?

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A portion of your benefits may be taxed if you continue to earn a substantial salary.

Combined income	Tax filing status	Percent of benefits taxed
Less than \$25,000	Individual	0%
\$25,000 - \$34,000	Individual	50%
More than \$34,000	Individual	85%
Less than \$32,000	Married filing jointly	0%
\$32,000 - \$44,000	Married filing jointly	50%
More than \$44,000	Married filing jointly	85%

Source: [ssa.gov/planners/taxes](https://ssa.gov/planners/taxes).

## How do you calculate your combined income?

Your adjusted gross income  
+ nontaxable interest  
+ ½ of your Social Security benefits

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**= Your “combined income”**

Source: SSA.gov Retirement Benefits Booklet, page 12, Publication No. 05-10035, [ssa.gov](https://ssa.gov), 2024.

# Working in retirement

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## Benefits are reduced for substantial wage earners

<b>Age of claim</b>	<b>Benefit reduction</b>	<b>Annual income limits</b>
<b>Before FRA</b>	\$1 for every \$2 in earnings above the limit	\$24,480
<b>At FRA</b>	\$1 for every \$3 in earnings above the limit	\$65,160
<b>After FRA</b>	No reduction for earned income	No limit

Source: Fact Sheet 2026 Social Security Changes, [ssa.gov](https://ssa.gov), 2026.

# Register on [www.ssa.gov](http://www.ssa.gov)

## Find your estimated benefit

Visit [www.ssa.gov](http://www.ssa.gov) for benefit and program information

Create an account to view your earnings and estimated retirement benefits at full retirement age

Or call the Social Security Administration at **1-800-772-1213**.

### Social Security benefits statement



Your payment would be about  
**\$1,151 a month**  
at full retirement age

### Your Estimated Benefits

<b>*Retirement</b>	To get retirement benefits, you need 40 credits of work. Your record shows you have at least 35 credits at this time, including assumed credits for last year and this year if you continue to work.	
<b>*Disability</b>	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....	\$ 1,110 a month
<b>*Family</b>	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
<b>*Survivors</b>	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	\$ 863 a month
	Your spouse who is caring for your child.....	\$ 863 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,151 a month
	Total family benefits cannot be more than .....	\$ 1,726 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
<b>Medicare</b>	To get Medicare benefits at age 65, you need the same number of credits that you need for retirement benefits (shown above). You do not have enough credits to qualify at this time. However, if you don't have enough credits when you reach age 65, you may contact a local Social Security office to learn whether you are eligible to buy Medicare coverage.	

Make sure to check your Social Security benefits statement each year to be sure it accurately reflects your name and earnings record.

# Section 2: Medicare

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## Prepare for the high costs of health care

**Be in a better position to manage your health care needs in retirement by thinking ahead and preparing for high costs.**

### **What if you retire before you're eligible at 65?**

#### **Things to consider:**

- Do you have coverage through employer(s)?
- Do you have the potential for surgeries or hospitalizations?
- What are your prescription medication needs?
- What does dental insurance cost? (not covered by Medicare)
- Cost of out-of-pocket expenses (copays, deductibles, hearing aids, etc.)
- Cost of Medicare premiums beginning at age 65
- Cost of Medicare supplemental insurance premiums
- Potential need for future care

#### **Notes**

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# Projected health care costs in retirement

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Total projected costs for a healthy 65-year-old couple<sup>1</sup>



**\$968,054**

**Social Security benefits received**



**\$597,389**

**Total lifetime costs (future value)**

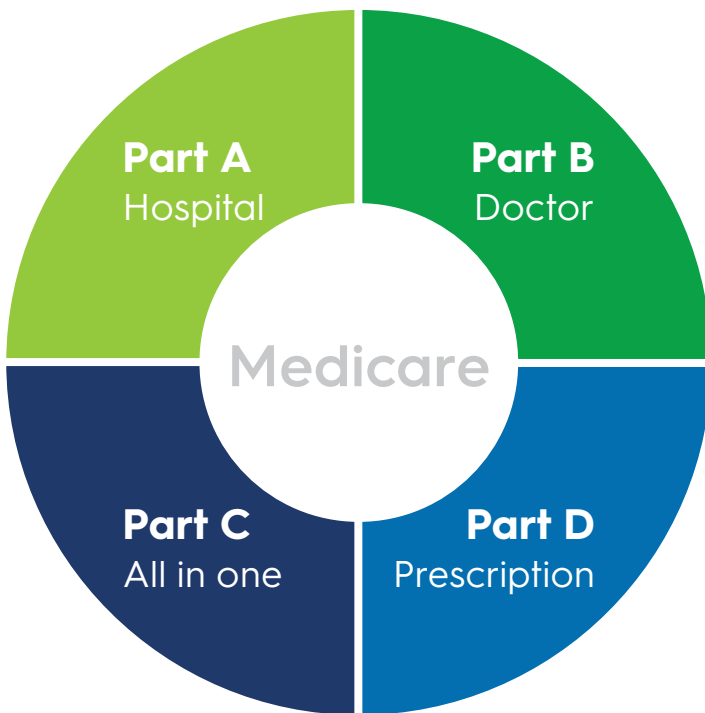
1. HealthView Services, 2024 Retirement Healthcare Costs Data Report. Assumes baseline healthcare cost projections. Assumes premiums for Medicare Parts B, D and supplemental coverage. Future cost projections for couples retiring at age 65 today.

# Section 2: Medicare

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**Medicare is a federal health insurance program for people age 65 and older and certain younger people with disabilities.**

For those earning Social Security, enrollment in Parts A and B is automatic, effective the month you turn 65.



Source: Medicare.gov as of 2/1/2025.

# Medicare plans

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**Part A** covers inpatient hospital stays, care in a skilled nursing facility, hospice care and some home health care.

**Part B** is medical insurance and covers certain doctors' services, outpatient care, home health care, medical supplies and preventive services.

**Part C** (often called Medicare Advantage) is an "all-in-one" plan. It follows rules set by Medicare and is run by Medicare-approved private insurance companies. It includes all benefits and services covered under parts A and B; it usually includes Medicare prescription drug coverage (Part D) and may offer extra benefits and services for an extra cost.

**Part D** covers prescription drugs and adds coverage to Parts A and B (original Medicare), some Medicare cost plans, some Medicare private-fee-for-service plans and Medicare medical savings account plans. These are offered by insurance companies and other private companies approved by Medicare.

**Medigap** is supplemental insurance for costs that are not covered by "original Medicare" (parts A and B). Private insurance companies offer Medigap with copayments, deductibles and health care coverage for travel outside the U.S. NOT covered: Dental care, vision care, hearing aids, eyeglasses, long-term care and private-duty nursing.

Source: Medicare.gov as of 2/1/2025.

# Medicare plans and estimated costs

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<b>Medicare</b>	<b>Premiums</b>	<b>Deductible</b>	<b>Copays, co-insurance</b>
<b>Part A Hospital</b>	Free <sup>1</sup>	\$1,736	Variable
<b>Part B<sup>2</sup> Doctor</b>	\$202.90-\$689.90	\$283	20%
<b>Part C<sup>3</sup> All in one</b>	Variable	Variable	Variable
<b>Part D<sup>3</sup> Prescription meds</b>	Variable	Variable	Variable

1. If 40 segments of Medicare tax paid.

2. If income above a certain amount, an extra charge is added to premium.

3. Premium varies by plan.

Source: Medicare.gov, Costs at-a-glance, figures based on 2026 deductible levels.

## Notes

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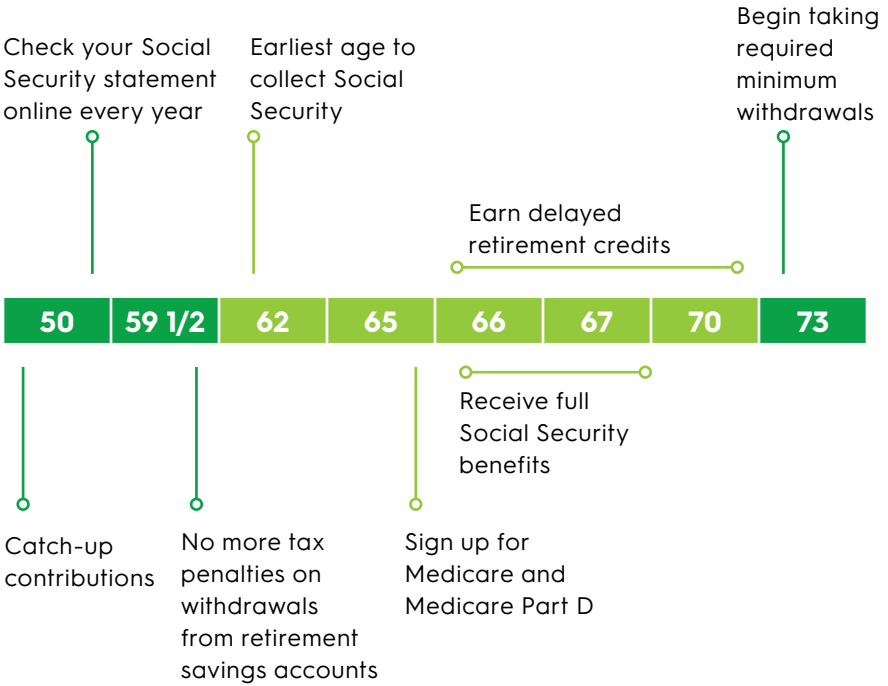
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# Preparation timeline

## Review: Preparation timeline



- Retirement
- Social Security and Medicare

Source: Department of Labor Retirement toolkit, as of 4/1/2025. [www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/publications/retirement-toolkit](http://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/publications/retirement-toolkit).

## ACTIVITY

# Take action now!

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## Take steps to work on your financial wellness

- Think about when you want to retire and prepare for your health care needs
- Create an account on the Social Security Administration website to obtain your personal benefit statement
- Estimate your retirement benefits at [ssa.gov/benefits/retirement/estimator](https://ssa.gov/benefits/retirement/estimator)
- Maximize your employer plan(s)
- Meet with a financial professional

If you have a partner or spouse, work together to define your goals and preparation.

### Notes

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## Contacts

## Resources

### [ssa.gov/myaccount](https://ssa.gov/myaccount)

- Find answers to your questions at [faq.ssa.gov](https://faq.ssa.gov)

### [consumerfinance.gov/retirement/before-you-claim](https://consumerfinance.gov/retirement/before-you-claim)

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

- Information about Medicare and approved supplemental insurance programs

### [Web-based training via Centers for Medicare Services website](https://www.mlnlms.com)

- [learner.mlnlms.com](https://learner.mlnlms.com)

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