



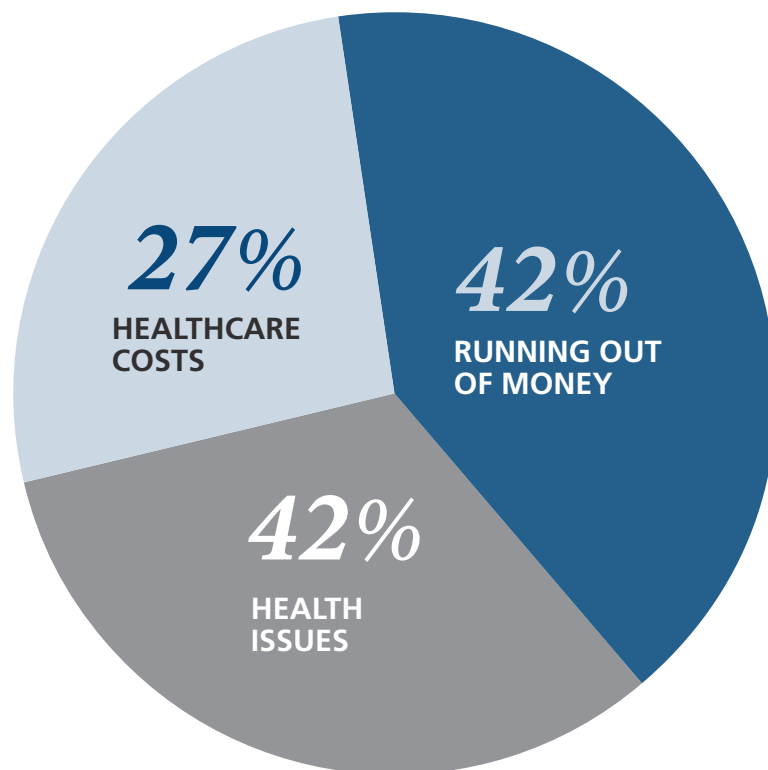
Health Care in Retirement



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It's hard enough overcoming the obstacles your employees face on the way to retirement; then as they retire, they are met with a new set of challenges. Pre-retirees state that running out of money is their biggest concern, followed by health issues and healthcare costs.¹

TOP CONCERNS ABOUT RETIREMENT¹



They have to handle the fact that they will grow old, most likely need medical help, and even face their own mortality. So, how as an employer and plan sponsor can you assist your employees to face and possibly embrace these new life events?

For starters, you can talk about it. Approximately, 1 out of 2 employees is underprepared for retirement and 3 out of 4 future retirees underestimate health care costs.^{2,3} Therefore, by hosting pre-retiree workshops or training classes, you could reduce employee stress and fear of the unknown.

To help you get started and think about an opportunity to empower your employees with knowledge, so that they retire on-time, here are a few pointers.

Host a pre-retiree workshop.

Invite all of your employees to an hour-long educational session. Think about where it makes sense for you and your HR team to present the information or whether to bring in a specialist. On the government site, Center for Medicare and Medicaid Services, (CMS.org), they have some informative presentations to help explain the different options.

<https://www.cms.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/Training-Library-Items/CMS1190652.html>

**The reason to invite all employees is because some younger employees might be juggling older parents. This could be a great stress reliever for them to understand the Medicare system, so they can better care for their elders.*

Consider offering a Health Saving Account.

For employers that offer a high-deductible health insurance plan, it might make sense to consider an HSA. This type of tax-favorable account allows employees to contribute pre-tax up to \$3,400 for individuals and \$6,750 for families per year. Also, if your employees are age 55 and older, they can contribute an additional \$1,000 as a catch-up contribution (\$4,400 for individuals and \$7,750 for families, respectively).⁴ The account grows tax-deferred and the account holder uses the monies for a medical health expense. Those dollars are withdrawn tax-free.

Sounds too good to be true, right? In the past, HSAs were not regularly discussed. Only recently have more employers and benefit advisors starting addressing this advantageous tax structure.

Review your company's health insurance costs.

Offering health insurance to your older employees could be a very costly benefit. Take a look at your company's census and premiums to determine if any of your older employees might be eligible for Medicare. As an employer, you obviously cannot force them out of your plan; however, it might be a beneficial workshop that could save your company thousands of premium dollars per year.

As a quick reminder, active employees would need to enroll in Medicare. They can apply as early as three months before their 65th birthday and up to three months after their birthday month. It's a seven month Initial Enrollment Period (IEP) (3 months prior to the birthday month, the birthday month, and then three months after the birthday month).



THREE MONTHS
BEFORE
65TH BIRTHDAY

MONTH OF
65TH
BIRTHDAY

THREE MONTHS
AFTER
65TH BIRTHDAY

The sooner, the better.



As an employer, your responsibility to your employees often goes beyond the working hours. This is one of those examples where by educating your employees with information about their future health insurance options, you benefit in two key ways. The first is that this is on employees' minds and you are providing stress relief that can lead to a more productive employee (they won't be Googling to find this information on company time). Next, your company may benefit by offering a Health Savings Account that could be an attractive employee benefit for high-income earners and employees who want to proactively take advantage of tax-savings. Lastly, reviewing your employee census and educating employees about Medicare options could reduce some of your company's health insurance premiums – that's direct savings!

For more information on HSAs, reviewing your health insurance premiums, and/or general questions about retirement plans, please contact us today for a conversation.

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[1] PricewaterhouseCoopers LLP. "Employee Financial Wellness Survey" (2017): PWC. April 2017.

[2] "America's Savings Rate Improves, but Fidelity® Study Finds More than Half of Americans at Risk of Not Covering Essential Expenses in Retirement." Fidelity. Jan 7, 2016.

[3] "Health Care: Plan for Costs in Retirement." Nationwide Retirement Institute. March 2017.

[4] "Revenue Procedure 2016-28." IRS. April 29, 2016.