

NATIONWIDE RETIREMENT INSTITUTE®



Thank you for joining !
We will begin shortly.

Guiding Women Clients Through the Medicare Maze

Roberta Eckert

Vice President
Nationwide Retirement Institute
Insights and Solutions Team





NATIONWIDE RETIREMENT INSTITUTE®

Health Care

— *Plan for costs in retirement* —



4 OUT OF **5** PEOPLE
*cannot accurately estimate
how much they expect to pay for
health care in retirement.¹*

¹ "Health Care and Long-Term Care Study," a consumer study of U.S. adults ages 50 and up, Nationwide/Harris Poll Survey (May 2019).

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Agenda

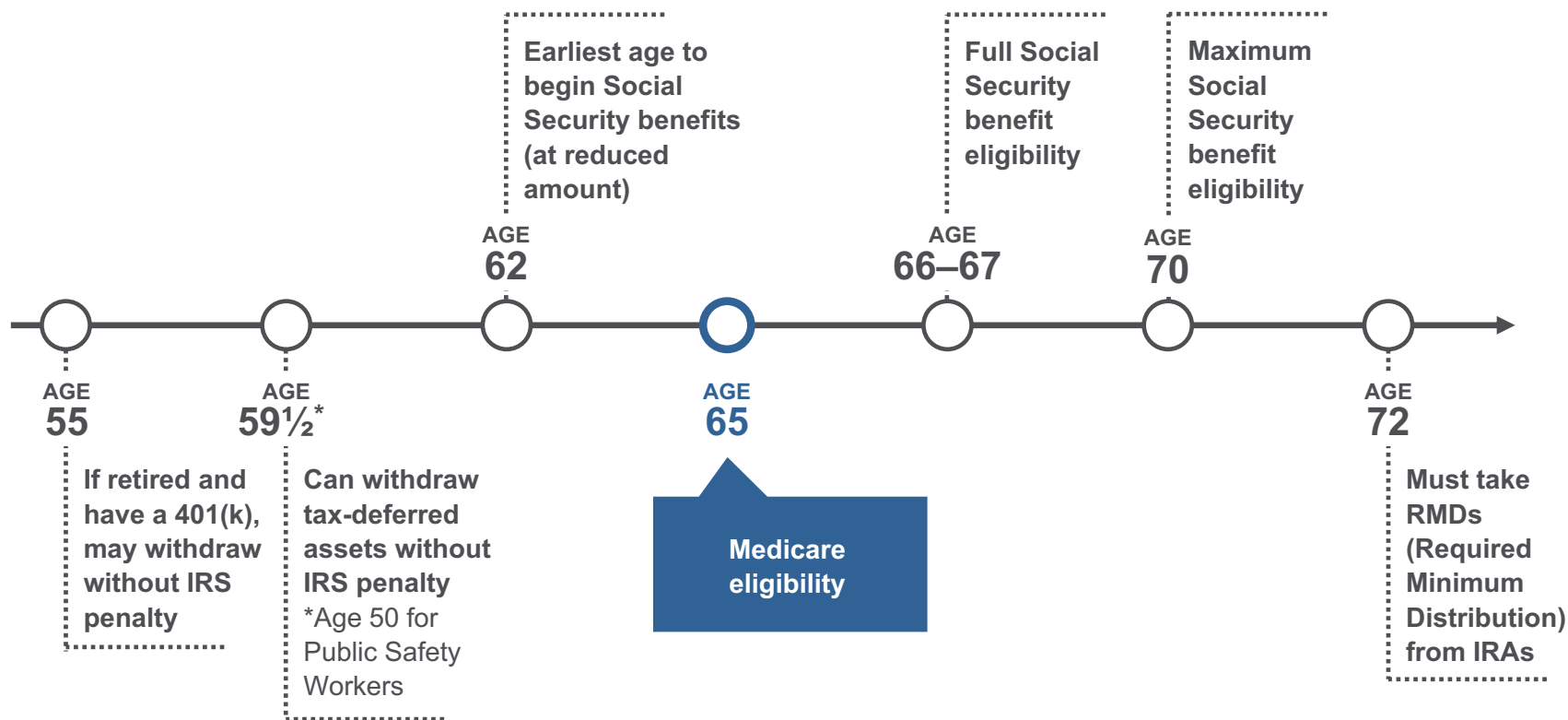
- The retirement income challenge
- Understanding the health care opportunity
- Creating a plan to address health care costs

— The retirement income —

Challenge

Retirement decision points

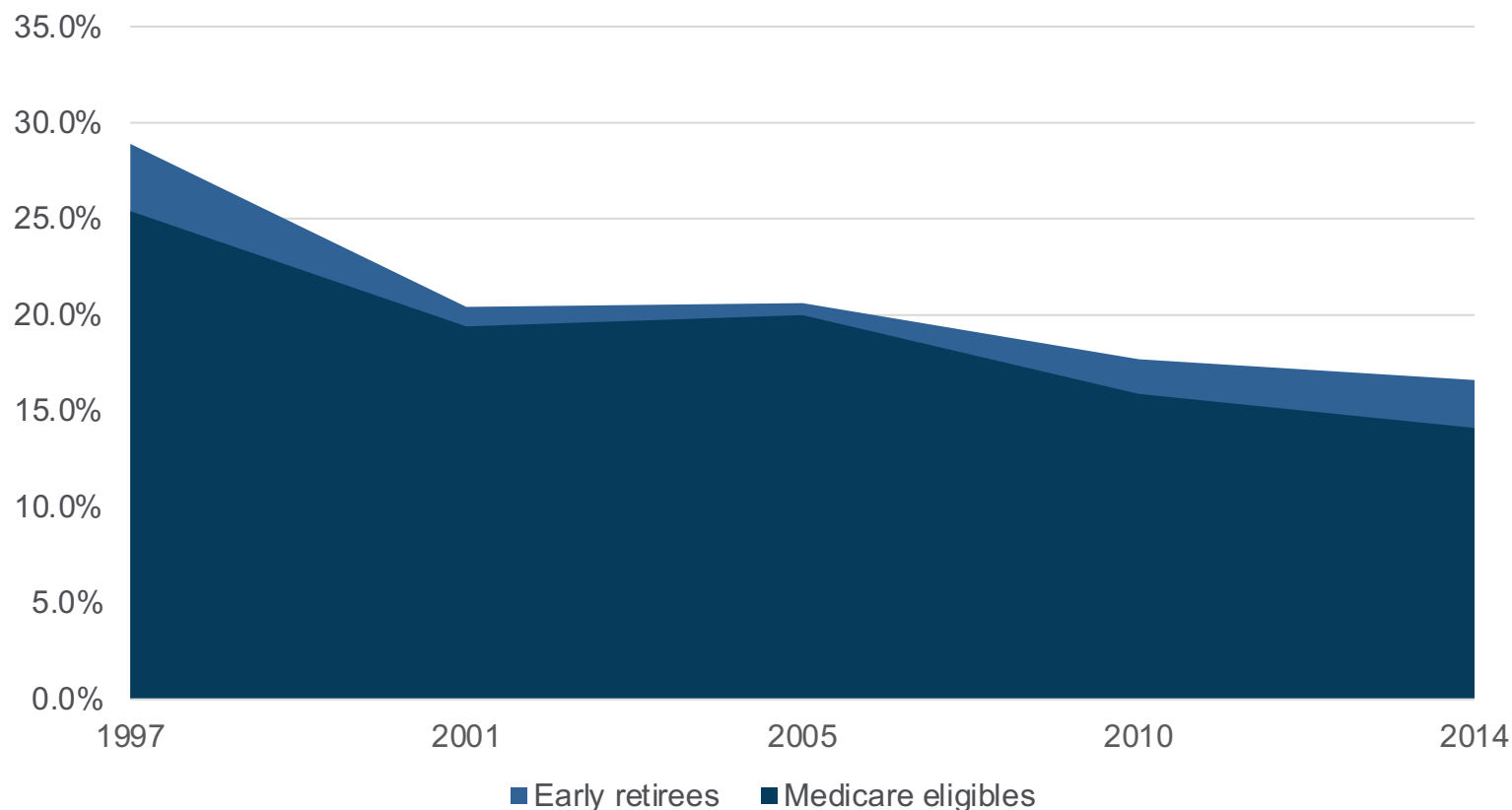
Retirees need to make a series of important decisions between ages 55 and 72



Source: *The Retirement Income Reference Book*, 2018, LIMRA

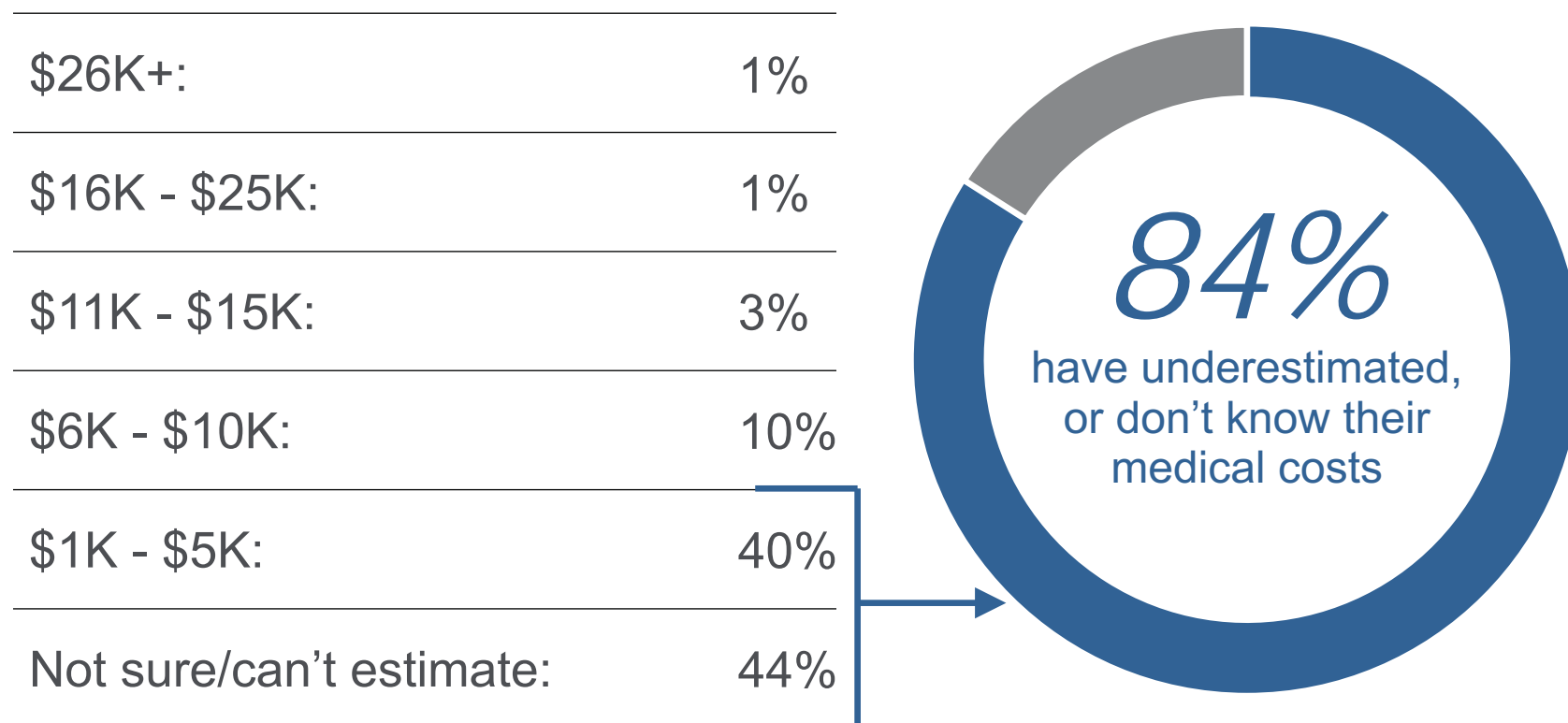
THE RETIREMENT INCOME CHALLENGE

Percentage of private-sector workers employed by establishments offering health insurance to retirees, 1997-2014



Source: EBRI estimates from various tables at http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=2&subcomponent=1

Consumer estimate of annual health care costs in retirement



Nationwide/Harris Poll "Health Care and Long-Term Care Study." Consumer study of 1,462 adults 50 and older with investable assets \$50K or more and 516 adults 50 and older who are caregivers, 2019.

— Understanding the health care —

Opportunity

The health care opportunity

- Managing the cost of health care is one of the most complex issues facing society
- Health care costs will be one of the most significant expenses in retirement

Source: 2017 Retirement Health Care Costs Data Report – HealthView Services

Consumers want help.

44% of adults can't estimate their health care costs in retirement

59% wish they understood Medicare coverage better

45% of future retirees plan on talking to an advisor

Source: Nationwide/Harris Poll "Health Care and Long-Term Care Study." Consumer study of 1,462 adults 50 and older with investable assets \$50K or more and 516 adults 50 and older who are caregivers, 2019.

THE HEALTH CARE OPPORTUNITY

Advisors' self-rating pertaining to capability of discussing client retirement needs in the following areas vs. Importance of topics in the next 12-24 months:

2017 Self-rating

2017 Importance

18%

75%

Medicare coverage options
and surcharges

34%

69%

Planning for long-term care cost

70%

46%

Withdrawal strategy

Source: Nationwide/Harris Poll "Retirement Income Planning: Among U.S. Financial Advisors." Study of 252 Financial Advisors with at least 50% of their clients having total investable assets of \$250,000 or more, 2017.

— Understanding —

Health care

UNDERSTANDING HEALTH CARE

- The impact of health care costs on retirement income
- Understanding health care specifics

Health care expenses

Out-of-pocket health care estimates
for a 65-year-old couple can reach

\$301,000–\$363,000
during retirement.

Source: "Savings Medicare Beneficiaries Need for Health Expenses in 2019: Some Couples Could Need as Much as \$363,000" at age 65 assuming 90% chance of having enough savings, EBRI, May 16, 2019.

Health care expenses

Medicare covers only about
62% of expenses
associated with health care services

Source: MedicareSolutions.com, May 23, 2017

Health care expenses

90%

of future retirees think Medicare
covers Long-term Care

Nationwide/Harris Poll "Health Care and Long-Term Care Study." Consumer study of 1,462 adults 50 and older with investable assets \$50K or more and 516 adults 50 and older who are caregivers, 2019.

Option 1

Original Medicare
Part A and Part B +

Secondary insurance
GHI, MedSup +

Rx coverage
Part D or GHI

or

Option 2

Medicare
Advantage (Part C)

1. Hospitalization
 2. Medical
 3. Rx (MA-PD)
-

Option 1 – Medicare Part A: Hospital Insurance

-
- Inpatient hospitalization
 - Skilled nursing facilities
 - Home health care
 - Hospice
-

PATIENT COSTS FOR AN IN-HOSPITAL STAY, 2020

Days 1–60	\$1,408 deductible
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Days 61–90	\$352 per day copay
------------	---------------------

Days 91–150	\$704 per day copay
-------------	---------------------

Days 150+	All costs
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Source: Medicare.gov, October 2019.

Option 1 – Medicare Part B: Medical Insurance

INDIVIDUAL PAYS, 2020

-
- Doctors/providers
 - Preventive benefits
 - Durable medical equipment
 - Outpatient services
-

Monthly premium (based on MAGI)

\$198 deductible

20% coinsurance on doctors' services and outpatient care

Source: Medicare.gov, October 2019.

Option 1 – Medicare Part B: Monthly Premiums

IF YOUR YEARLY INCOME IN 2018 WAS:

YOU PAY (2020)

Filed individual tax return	Filed joint tax return	
\$87,000 or less	\$174,000 or less	\$144.60
\$87,001–\$109,000	\$174,001 - \$218,000	\$202.40
\$109,001–\$136,000	\$218,001 - \$272,000	\$289.20
\$136,001–\$163,000	\$272,001 - \$326,000	\$376.00
\$163,001–\$499,999	\$326,001 - \$749,999	\$462.70
above \$500,000	above \$750,000	\$491.60

Source: Medicare.gov, October 2019.

Option 1 – Medicare Part D: Prescription Drug Coverage

-
- Available two ways:
 - Stand-alone Prescription Drug Plans (PDPs)
 - Through Medicare Advantage Plans (MAPDs)
-
- ALL people with Medicare can get Part D
-
- Open Enrollment October 15 to December 7:
 - Other enrollment times based on circumstance
 - Coverage begins January 1
-

Option 1 – Medigap: Medicare supplemental insurance

-
- Pay only after Original Medicare (Parts A & B)
-
- Flexibility to see any doctor who accepts Medicare
-
- Open Enrollment – Six months beginning with Part B effective date at age 65 or older
-

Cost of Medicare Premiums

	Monthly	Annual
Medicare Part A	\$0	\$0
Medicare Part B	\$144.60	\$1,735.20
Medicare Part D	\$53.67	\$644.04
Medigap Plan G	\$114.42	\$1,373.00
Total per person	\$312.69	\$3,752.20
Total per couple	\$625.38	\$7,504.40

This grid shows you the actual cost of premiums based on a couple's annual income below \$174,000 married filed jointly. This is for illustrative purposes only.

Medicare.gov, October 2019.

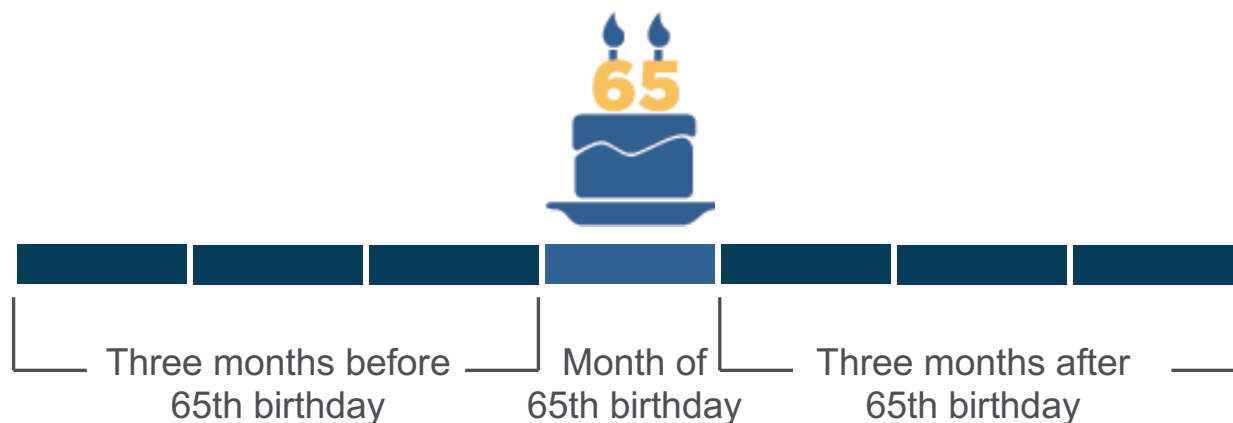
Medicare.gov., October 2018. Cost for Medigap Supplement Policy G in Columbus, Ohio. Ranges from \$97-169..

Applying for Medicare



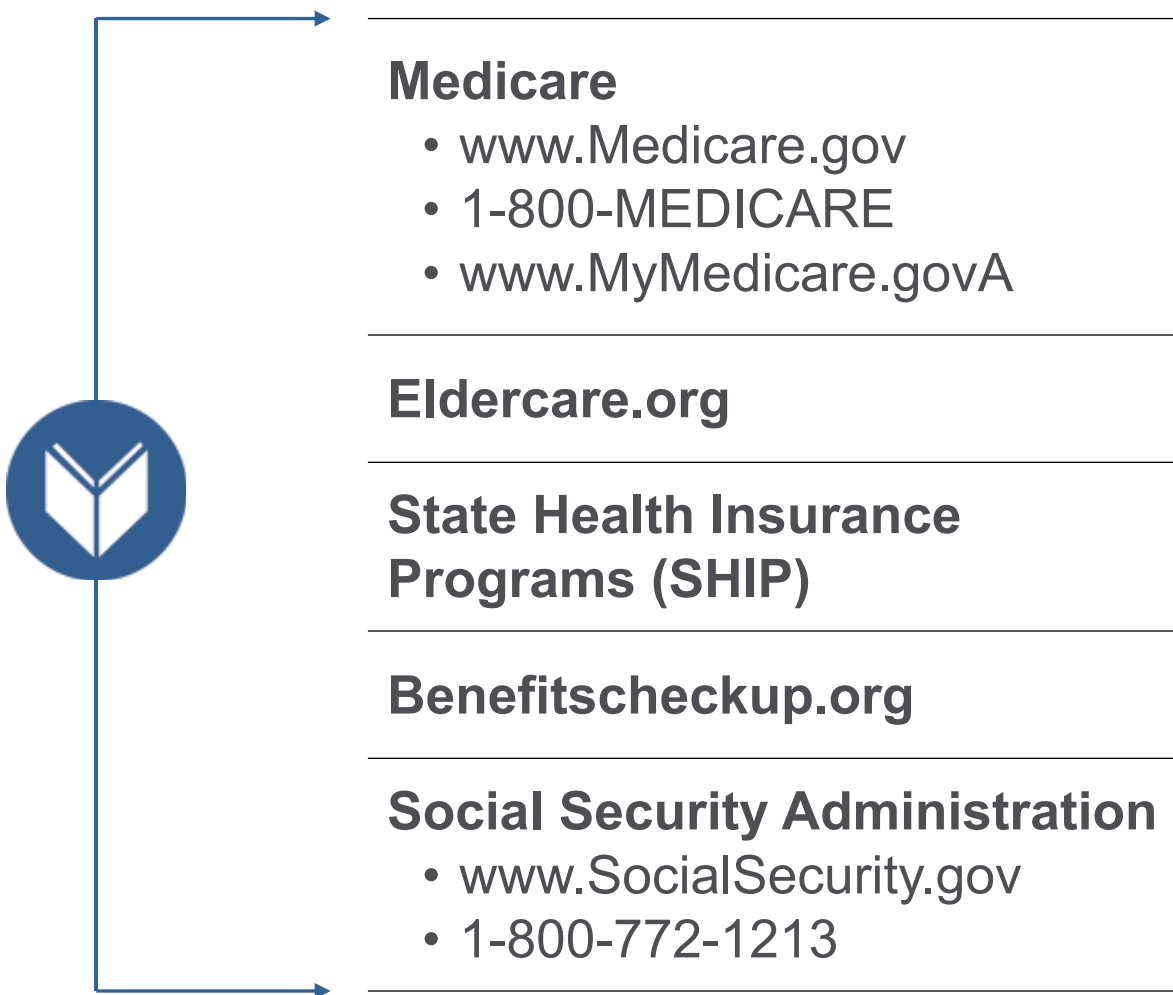
Enrollment is automatic if clients get Social Security or Railroad Retirement benefits prior to Medicare eligibility

All others must apply with Social Security (or Railroad Retirement) during their **seven-month Initial Enrollment Period (IEP)**



The sooner, the better.

Leverage these health care planning resources



Creating a plan

— to address health care costs —

Americans underestimate retirement health care costs

- The majority of pre-retirees have underestimated the cost of health care in retirement
- Help your clients eliminate the guesswork with a personalized Health Care Cost Assessment from Nationwide

HEALTH CARE AND LTC COST ASSESSMENT



Nationwide®

Be prepared for health care costs

*A personalized estimate of retirement health care
costs to help you plan for the future*

Personalized Health Care Cost Assessment
Includes Medicare, out-of-pocket, and long-term care expense estimates

Designed for Jim Smith and Linda Smith
Wednesday, January 2, 2020

Prepared by Sample Producer

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(999) 999-9999

The information collected on the Personalized Health Care Cost Assessment will be kept confidential and used to provide an estimate of a client's potential health care costs in retirement. The estimate is based on a client's specific financial situation and goals, as well as their current overall health condition. The client's financial situation and health conditions may change over time and this may affect the future changes. Please keep in mind that the estimates resulting from this fact finder are for hypothetical purposes only and are not guaranteed.

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HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment
Prepared by Sample Producer of this material under NAB

This material should be regarded as educational information on health care only and is not intended to provide specific health care advice. If you have questions regarding your particular situation, please contact your health care, legal or tax advisors. While Financial Advisors may discuss health care costs as part of a client's retirement plan, Financial Advisors may not provide specific advice on health care coverage options.

The High Cost of Health Care

Client Facts

	Jim Smith	Linda Smith
Age/Gender:	Male, Age 60	Female, Age 60
Retirement Age:	65	65
Life Expectancy:	80	90
State:	OH	OH
Income Level:	Married Filing Jointly — \$174,000 or less	
Medicare Coverage:	Includes Medicare, out-of-pocket, and long-term care expense estimates	
Need to purchase private health insurance prior to 65:	No	No
Current Health		
High blood pressure:	No	No
High cholesterol:	No	No
Type 1 diabetes:	No	No
Type 2 diabetes:	Yes	No
Cardiovascular disease:	No	No
Cancer:	No	No
Multiple Sclerosis:	No	No
Lifestyle & health history		
Tobacco user:	No	No
Cardiovascular/Diabetes family history:	No	No
Dependency on cane, walker, or wheelchair:	No	No

HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment
 prepared by Sample Producer of *****

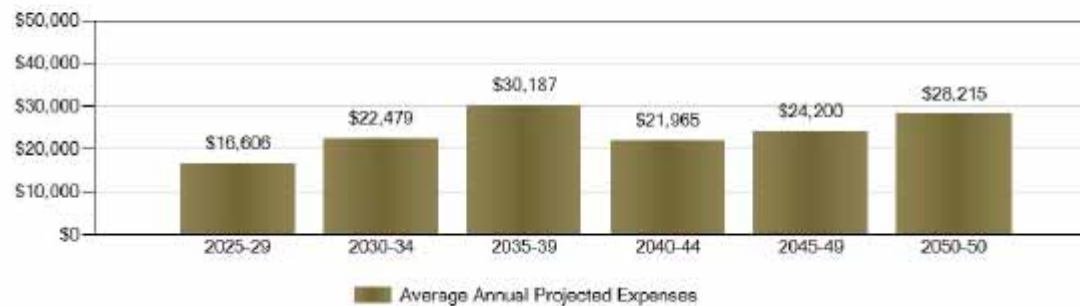
Health Care Expenses in Retirement

For Spouse/Partner

The following graph depicts the estimated cost of health care in retirement for Jim Smith and Linda Smith.

Average Annual Expenses per 5-Year Period

The following graph shows the average estimated annual cost of health care in retirement.



2025-29 2030-34 2035-39 2040-44 2045-49 2050-59

Average Annual Projected Expenses

Annuitants for under age 65 assume 100% member responsibility for private health insurance premiums and other associated medical costs unless otherwise indicated. Annuitants for age 65 and older assume coverage by Medicare Part A, anticipate insurance premiums for Medicare Parts B, D, and supplemental insurance, plus additional associated medical costs.

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HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment
prepared by Sample Producer of *****

Annual Expense Detail Jim Smith

Jim Smith						Linda Smith					Household Total	Total Without Part B
Year	Age	Private or Part B Premiums	Part D and Supplemental Premiums	Additional Costs	Total	Age	Private or Part B Premiums	Part D and Supplemental Premiums	Additional Costs	Total		
2025	65	\$2,236	\$2,477	\$3,337	\$8,050	65	\$2,236	\$2,477	\$1,777	\$6,490	\$14,540	\$10,068
2026	66	\$2,368	\$2,670	\$3,617	\$8,655	66	\$2,368	\$2,670	\$1,854	\$6,892	\$15,547	\$10,811
2027	67	\$2,514	\$2,874	\$3,768	\$9,156	67	\$2,514	\$2,874	\$1,931	\$7,319	\$16,475	\$11,447
2028	68	\$2,716	\$3,093	\$4,005	\$9,814	68	\$2,716	\$3,093	\$2,038	\$7,847	\$17,661	\$12,229
2029	69	\$2,824	\$3,328	\$4,354	\$10,506	69	\$2,824	\$3,328	\$2,151	\$8,303	\$18,809	\$13,161
2030	70	\$2,943	\$3,577	\$4,623	\$11,143	70	\$2,943	\$3,577	\$2,271	\$8,791	\$19,934	\$14,048
2031	71	\$3,069	\$3,845	\$4,904	\$11,818	71	\$3,069	\$3,845	\$2,395	\$9,309	\$21,127	\$14,989
2032	72	\$3,204	\$4,131	\$5,202	\$12,537	72	\$3,204	\$4,131	\$2,527	\$9,862	\$22,399	\$15,991
2033	73	\$3,352	\$4,437	\$5,502	\$13,291	73	\$3,352	\$4,437	\$2,667	\$10,456	\$23,747	\$17,043
2034	74	\$3,513	\$4,768	\$5,815	\$14,096	74	\$3,513	\$4,768	\$2,812	\$11,093	\$25,189	\$18,163
2035	75	\$3,685	\$5,121	\$6,140	\$14,946	75	\$3,685	\$5,121	\$2,968	\$11,774	\$26,720	\$19,350
2036	76	\$3,869	\$5,499	\$6,488	\$15,856	76	\$3,869	\$5,499	\$3,128	\$12,496	\$28,352	\$20,614
2037	77	\$4,070	\$5,910	\$6,852	\$16,832	77	\$4,070	\$5,910	\$3,298	\$13,278	\$30,110	\$21,970
2038	78	\$4,290	\$6,337	\$7,192	\$17,819	78	\$4,290	\$6,337	\$3,473	\$14,100	\$31,919	\$23,339
2039	79	\$4,526	\$6,788	\$7,553	\$18,867	79	\$4,526	\$6,788	\$3,652	\$14,966	\$33,833	\$24,781
2040	80	\$4,775	\$7,267	\$7,924	\$19,966	80	\$4,775	\$7,267	\$3,843	\$15,885	\$35,851	\$26,301
2041						81	\$5,038	\$7,778	\$4,039	\$16,855	\$16,855	\$11,817
2042						82	\$5,315	\$8,317	\$4,248	\$17,880	\$17,880	\$12,565
2043						83	\$5,607	\$8,952	\$4,461	\$19,020	\$19,020	\$13,413
2044						84	\$5,915	\$9,622	\$4,680	\$20,217	\$20,217	\$14,302
2045						85	\$6,241	\$10,333	\$4,912	\$21,486	\$21,486	\$15,245
2046						86	\$6,584	\$11,094	\$5,149	\$22,827	\$22,827	\$16,243
2047						87	\$6,946	\$11,897	\$5,402	\$24,245	\$24,245	\$17,299
2048						88	\$7,328	\$12,608	\$5,628	\$25,564	\$25,564	\$18,236
2049						89	\$7,731	\$13,290	\$5,856	\$26,877	\$26,877	\$19,146
2050						90	\$8,156	\$13,970	\$6,089	\$28,215	\$28,215	\$20,059
Total		\$53,954	\$72,122	\$87,276	\$213,352		\$118,815	\$179,983	\$93,249	\$392,047	\$605,399	\$432,630
Average*		\$3,372	\$4,508	\$5,455	\$13,335		\$4,570	\$6,922	\$3,587	\$15,079	\$23,286	\$16,640

*Averages are calculated from columns.

HEALTH CARE AND LTC COST ASSESSMENT

Nationwide

Complete this form and have your advisor submit it to the Retirement Institute Planning Team.
IPLNDESK@nationwide.com
Fax: 1-855-256-4220
Have questions? Call 1-877-245-0763

Health Care/LTC Cost Assessment Fact Finder

Wholesaler name: _____ Meeting reference: _____
Report type requested: ☐ Medicare costs only ☐ Long-term care costs only ☐ Both

REPORT REQUESTED BY: ☐ BROKER/DEALER ☐ IRA ☐ IRA ☐ IRA
First Name: _____ Last Name: _____

Complete this form with your client and submit it to the Retirement Institute Planning Team.

IPLNDESK@nationwide.com
Fax: 1-855-256-4220

Have questions? Call 1-877-245-0763

☐ \$74,000 or less ☐ \$75,000 or less
☐ \$74,001 to \$79,000 ☐ \$80,001 to \$84,000
☐ \$79,001 to \$84,000 ☐ \$85,001 to \$89,000
☐ \$84,001 to \$89,000 ☐ \$90,001 to \$94,000
☐ \$89,001 to \$94,000 ☐ \$95,001 to \$99,000
☐ \$94,001 to \$99,000 ☐ \$100,001 or more
☐ more than \$100,000 ☐ more than \$100,000

Medicare coverage Is your client covered by Medicare?
If yes, include Medicare parts A, B, & D plus supplemental insurance premiums and out-of-pocket expenses ☐
Include Medicare parts A, B, & D plus supplemental insurance premiums only ☐
Include Medicare parts A, B, & D only ☐
* Client's choice will be used if available. If available state or city averages will be used.

Summary

- The retirement income challenge
- Understanding the health care opportunity
- Creating a plan to address health care costs

Nationwide Retirement Institute®



Regional Vice Presidents



Retirement Institute Income Planning Team

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