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May 28, 2013 | Volume 13, #4

Healthcare insurance is complex these days, made more so by uncertainty about how the new healthcare reform will roll out. Those of us in Massachusetts are luckier because the state has already instituted some changes to help its citizens. This month, we're giving tips on retiring before Medicare eligibility, school insurance, and long-term care insurance.

If you would like help in traversing the ever changing healthcare landscape, remember we're here to help you stay *On Course!*

-Jennifer Lane, CFP

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Jennifer's Hint

Health Insurance Tips

This month we cover a wide range of healthcare insurance concerns.

Retiring before Medicare Eligibility

- If you retire before 65, you are not yet eligible for Medicare so you need to find health insurance alternatives.
- For Massachusetts residents, the good news is that pre-existing conditions will not preclude you from buying health insurance.
- You can research COBRA, which is a temporary extension of your employer's health coverage (called continuation coverage) in certain instances where coverage under the plan would otherwise end. Your employer should provide you with information and costs. You can also check out the U.S. Department of Labor's [website](#) for links.
- Massachusetts' website, [Health Connector](#), has a tool called Commonwealth Choice that lets you compare different plans' features and costs. Take a look to see if you can find one that fits your needs and budget. It's likely to be less costly than COBRA.
- It's helpful to visit the Health Connector when you're planning your retirement budget because these costs can be substantial.

Student Healthcare Insurance

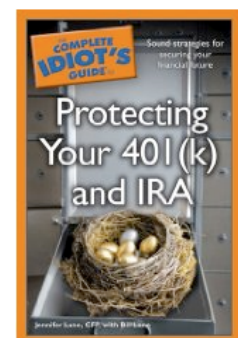
- Many colleges offer medical insurance to their students. The coverage tends to be more for routine health maintenance than for major illnesses or accidents.
- Remember that insurance should protect against catastrophic costs so read the plan details carefully before signing.
- It may be that your family's health insurance policy will provide more coverage at a more reasonable cost. Check with the insurance company for its age limitations for students. Many will continue coverage through the end of college. Some states mandate coverage until age 26.

Long-term Care Insurance

- Long-term care insurance is not as straight forward as other types of insurance so it becomes a complicated issue that's best dealt with in the context of your entire financial or estate plan.
- It is also expensive so if your assets are below \$250,000, it may not make financial sense to purchase it.
- If your assets are over \$2 million, then self-insuring or other financial planning might be better suited to take care of the costs.
- Those in the middle would probably benefit from some sort of coverage. So check with [NAELA.org](#) (National Academy of Elder Law Attorneys) to find a lawyer who can help you understand your legal options. And [NAPFA.org](#) (National Association of Personal Financial Advisors) provides information

If you're unlucky enough to encounter very high medical bills and need to tap your IRA or 401(k) to help pay them, try to bunch them into one year if you can. Withdrawals to pay unreimbursed medical expenses (costs not covered by health insurance) are taxable, but you won't incur the 10 percent withdrawal penalty if costs are greater than 7.5 percent of your adjusted gross income that year. And, if you're out of work, you won't owe the 10 percent penalty on withdrawals from your IRA if you use the money to pay health insurance after you've been unemployed longer than 12 weeks.

Get more tips in Jennifer's book



(click here for link)

about fee-only financial planners who can be objective about choosing the plans since they don't sell them.

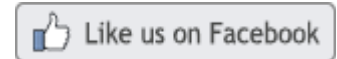
Helpful Websites

COBRA

Mass Health Connector

NAELA.org

NAPFA.org



Q&A

Q: Finally, I'm going to be working at a place where I have several options for healthcare. How do I decide what to choose?

-- **Jonah, Westfield, MA**

A: Jonah, congratulations! You will have options of the types of plans, premiums, co-pays, deductibles, and flexible spending or health savings accounts.

[SmartMoney.com](#) has an excellent article that will help you choose a plan that's good for you. Good luck!

What's New

- Jennifer talked about stocks and your 401(k) on NECN. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

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