



## Should I sign up for Medicare when I turn 65?

The popular perception is that your 65<sup>th</sup> birthday marks the milestone in your life when you get to walk out the office, kick back and reap the fruits of your labor as you enjoy sunsets from your porch.

For some, that perception is becoming a thing of the past.

Nowadays, many people turning 65 and reaching Medicare eligibility are choosing to keep working. Some do it for financial reasons, and others continue to work simply because they enjoy it.

The number of Americans 65 and older who said they were employed or looking for employment has increased from 10 percent in 1985 to 20 percent as of February 2019. And that number is expected to continue to rise according to data from the Current Population Survey, a report by the U.S. Bureau of Labor Statistics. The Bureau estimates that by 2024, more than 13 million Americans 65 and older will be working.

But regardless of why you may choose to work past 65, not enrolling in Medicare during the right enrollment period could cost you in the form of Medicare premium penalties if you miss certain dates. So it's important to approach the decision to delay enrolling with your eyes wide open.

Here are some important points to keep in mind as you approach your 65<sup>th</sup> birthday.

### Ask These Questions Before You Delay Medicare

Whether or not you can delay Medicare past 65 when you're working really depends on a few simple questions.

1. Do you have employer health coverage?
2. Does your employer have 20 or more employees?
3. Is the coverage considered creditable?

If you can answer "yes" to all the above, you likely qualify for a Medicare Special Enrollment Period and can delay enrolling without penalty. What's the next step? Contact your Higginbotham representative for more information.

## I'm Working Past 65, but My Health Coverage is from My Spouse's Employer

A pretty common situation to face, if your health care coverage is from a spouse's employer, you may be able to delay Medicare, or you may need to enroll when you first become eligible. In this case, the employer still needs to have 20 or more employees. However, the big difference is that employers can have rules for covered dependents 65 and older that may require the individual to get Medicare at 65 in order to remain on the employer's plan. Therefore, if you have coverage through a spouse's employer, you need to ask the employer's benefits administrator directly about your Medicare enrollment choices.

## Why You May Consider Signing Up for Medicare At 65

If you're approaching age 65 and (1) are not going to keep working, (2) you have coverage from an employer with fewer than 20 employees, or (3) your spouse's employer requires you to get Medicare to stay on its health plan, then you need to enroll during what's known as your Medicare Initial Enrollment Period (IEP). If you don't, you'll likely face financial premium penalties for enrolling late.

Your IEP is a seven-month window that generally includes the month of your 65<sup>th</sup> birthday, the three months before and the three months after. For example, if your 65<sup>th</sup> birthday is on June 20, then your IEP starts on March 1 and ends on September 30.

This is the time to learn about your Medicare coverage options and get what you do or don't need coverage for. Most who have to get Medicare at age 65 will get Part A (hospital coverage), Part B (medical coverage) and some form of prescription drug coverage (Part D) through either a stand-alone Part D plan or a Medicare Advantage plan.

Depending on your situation – such as if you still have or want to keep employer coverage – you may not need every part of Medicare available. But keep in mind this simple rule: If you are not eligible for a Medicare Special Enrollment Period, you need to get Parts A, B and D when you're first eligible to avoid financial penalties. Also, if you're still working, it's a good idea to check with your employer's plan benefits administrator to learn how Medicare might work with that coverage before making any final decisions.

## How Social Security Benefits Can Affect Medicare Enrollment

If you're receiving Social Security benefits (or Railroad Retirement Board benefits) when you turn 65, you'll be automatically enrolled in Medicare Parts A and B, even if you're working. Your Medicare card will arrive in the mail about three months before your 65<sup>th</sup> birthday. Once you're enrolled in Medicare, a monthly Part B premium will be automatically deducted from your Social Security check. If you don't want Medicare Part B, you need to notify Medicare to opt out. There will be instructions for doing so on the back of your Medicare card.

If you're not receiving Social Security or Railroad Retirement Board benefits, you will need to enroll yourself in Medicare when you become eligible. The easiest way to do this is by going to the [Medicare.gov](https://www.Medicare.gov) website and enrolling online.

### The Bottom Line: Know Your Options, Enroll On Time

Don't delay making Medicare decisions and dealing with Medicare enrollment. Learn about the choices you have – can you delay, must you enroll – and then understand the implications of both as they relate to your overall health and financial wellbeing.

Late enrollment penalties for Medicare Part B and Medicare Part D are permanent and can have a meaningful impact on your finances. So think carefully about what you do and when.

Not sure where to start? A good first step for anyone approaching Medicare eligibility is to know when your enrollment dates are. Reach out to Higginbotham for help.