

Medicare and its link to Social Security

While Medicare and Social Security benefits are provided by the federal government, the rules around each are different. An individual's specific situation can affect eligibility and costs.



ELIGIBILITY FOR MEDICARE

- > Age 65 or older
- > Eligible to collect Social Security benefits
- > Certain other qualified workers and residents
- > Under 65 with qualifying disability or disease



PAYING FOR MEDICARE

- > Medicare premiums may be deducted from your Social Security check
- > If you're not receiving Social Security benefits, it is wise to set up automatic payments



ENROLLING IN MEDICARE

- > Medicare and Social Security enrollment ages are not the same
- > For those already collecting Social Security benefits, enrollment in Medicare Parts A and B is automatic at age 65



MEDICARE SURCHARGES

- > Your income is reported by the IRS to the Social Security Administration and may result in Medicare surcharges
- > The surcharges would be added to Part B and D premiums



Work with your financial professional to account for Medicare expenses as part of your retirement income plan.



ADDITIONAL DETAILS



ELIGIBILITY FOR MEDICARE

Someone age 65 or older may apply for Medicare if they have qualified to collect Social Security benefits.

Even though they may not be eligible for Social Security benefits, certain types of workers have paid qualifying taxes and are eligible for Medicare:

- > Public sector employees
- > Those collecting Railroad Retirement benefits

People under 65 can apply for Medicare if they have a qualifying disability or one of two diseases: ALS, known as Lou Gehrig's disease, or end-stage renal disease.



ENROLLING IN MEDICARE

Social Security benefits can be claimed anytime between ages 62 and 70. But Medicare enrollment is generally at age 65.

- > If you are **already collecting** Social Security benefits when you become eligible for Medicare, you will be automatically enrolled in Parts A and B
- > If you are **not collecting** Social Security benefits when you become eligible for Medicare, you have a seven-month period to sign up, known as the Initial Enrollment Period
- > The Initial Enrollment Period includes your 65th birthday month, and three months before and after



PAYING FOR MEDICARE

Medicare recipients who are also collecting Social Security benefits will enjoy an extra convenience: Their Part B premiums will be deducted from their benefit checks.

Those not collecting Social Security benefits will have to self-pay the premium; it is highly recommended that automatic payments be set up.

- > Pay online with credit or debit card
- > Pay directly from savings or checking account via your bank's online bill-pay feature
- > Sign up for Medicare EasyPay (free service)
- > Pay via postal mail with a payment coupon



MEDICARE SURCHARGES

Whether you must pay Medicare surcharges is determined by your modified adjusted gross income (MAGI) from two years before the current year.

- > You'll pay surcharges on your Part B premium (and Part D, if you have it) if your MAGI is above these thresholds (2020 figures):
 - Over \$87,000 for single filers
 - Over \$174,000 for those married filing jointly
- > Your financial professional can help decide whether to start reducing your MAGI at age 63 or if other considerations are more important
- > If you're not yet collecting Social Security benefits when you enroll in Medicare, it's important to anticipate that bump in income

The information in this document is sourced from medicare.gov, hhs.gov and some state-level sources.

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