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A Quick Reference on Medicare By Eric Nager, CRPS®

The two great entitlement programs for which seniors are eligible are Social Security and Medicare. We have developed some expertise on Social Security and are here as a resource for helping you, your family, and friends to maximize those benefits. In this issue, we turn our attention to Medicare; enclosed is a quick reference guide furnished by BlackRock funds.

Americans are eligible for Medicare at age 65. Full Retirement Age (FRA) for Social Security used to be the same age, but it has increased over time. Today, depending on when you were born, FRA is 66 plus some months. For those born after 1960, it will be 67. This is important because if you are already getting Social Security benefits at three months prior to reaching age 65, you are automatically enrolled in Medicare Parts A and B. If not, you have to apply.

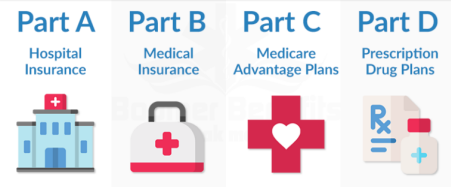
Medicare Part A is hospital insurance and you can apply from three months prior to reaching age 65 through six months after. In general, there is no cost or premium for Part A if you are receiving or are eligible to receive Social Security benefits, although there are deductibles and co-payments. There is a premium for Part A if you worked less than 40 quarters for Social Security.

Medicare Part B is medical insurance and there is a separate enrollment for that. Like Part A, it is automatic if you are already receiving Social Security benefits. If not, the effective date of coverage for this benefit lags enrollment, so if you want to be sure you are covered when you reach age 65, it is best to enroll 1-3 months ahead of reaching that age. Depending upon your income level, there are monthly premiums for Part B plus there is an annual deductible of \$203 re-

quired in 2021.

Medicare Advantage is Part C. This is an alternative to Part B, but you must be enrolled in Parts A and B to be eligible, and you cannot have a Medigap or Part D plan. Part C can be available through managed care plans, private plans, or health savings ac-

4 Parts of Medicare



counts and in most cases is necessary if you want prescription drug coverage. While costs for Part C vary, you will generally pay a monthly premium in addition to the Part B premium.

Prescription drug coverage is Medicare Part D. As with Medicare Advantage, you must first be

enrolled in Parts A and B and it has a separate enrollment. The annual enrollment is from October 15 through December 7 for coverage effective on January 1 of the following year. There is also an annual open enrollment if you are already enrolled in a Medicare Advantage plan from January 1 through March 31. During this time, you may switch to an original Medicare and join a separate Part D plan.

In addition to this coverage, many find it helpful to purchase a Medigap plan. These are plans issued by private insurance companies to reimburse for out-of-pocket medical expenses that include deductibles for Medicare Parts A and B, costs in excess of Medicare-approved charges, and other costs. We hope you find the 2021 reference guide to be a handy summary of these benefits. Please ask if you have questions about them and we will do our best to get you an answer.

What To Look For At Tax Time

Tax season is upon us and it appears we will have normal tax deadline dates, unlike in 2020. Last year the deadline was moved from April 15 to July 15 and then moved again to January 15 of this year. That made it possible for someone to make an IRA contribution for tax year 2019 in early 2021! This year the deadline reverts back to April 15, so all IRA contributions must be in your account by then.

To help prepare your taxes, the 1099s from TD Ameritrade are now available to you online when you sign in to your TDA account. They will also be mailed to you shortly. TD has been tracking cost basis for a decade now, so for taxable accounts, these reports will contain the cost basis for any realized capital gains. Capital gains will be higher than normal for 2020 because we took partial cash

positions in client accounts in March, when Covid-19 hit and before the election, so that triggered some realized gains. *In the rare case where there is no cost basis for a particular security, please contact us and we will run a report for you.*

In summary, you no longer need to contact Southern Capital for a Schedule D Report, Capital Gain/Loss Report, Expense/Fee Report, or 1099. TD Ameritrade provides all that information on your 1099 which you may obtain by signing into your account on TDA or waiting for it to arrive in the mail.

401K CHOICES

If you have a 401k, most likely you have been given a number of fund investments to choose from.

CONFUSED?

Feel free to call our office. We will be happy to review your choices and suggest allocations.

Protect Yourself From MEDICARE SCAMS!

Scammers are everywhere and Medicare is no exception. Watch the video below created by the Federal Trade Commission.

<https://www.youtube.com/watch?v=51l-szr0JEY&feature=youtu.be>

If you receive a suspicious call asking for personal information:

- ◆ **Hang Up.** If someone calls claiming to be from Medicare, asking for your Social Security number or bank information to get your new card or new benefits, that's a scam.
- ◆ **Don't give personal information** to a caller claiming to be from Medicare or associated with a company providing Medicare equipment. You can't trust caller ID. These calls can be spoofed so they look like they are coming from Medicare even when they are not. Before you give any personal information, initiate your own call to Medicare at 1-800-MEDICARE.
- ◆ **Report the call.** Report Medicare imposters at 1-800-MEDICARE and [ftc.gov/complaint](https://www.ftc.gov/complaint). The more they hear from you, the more they can help fight scams.

For more information about stopping imposter scams, visit [ftc.gov/imposters](https://www.ftc.gov/imposters). You can also learn how to stop unwanted calls, including using call-blocking technology, go to [ftc.gov/calls](https://www.ftc.gov/calls).

<https://www.consumer.ftc.gov/>

Medicare for retirees

Part A: Hospital insurance

Enrollment

Enrollment is automatic if you are collecting Social Security benefits three months prior to the month you attain age 65. Otherwise, you should apply three months prior to the month you turn age 65 through the sixth month after.*

Costs†

You are eligible for Medicare Part A with no premiums if:

- You are receiving or are eligible to receive (but have not yet filed for) Social Security retirement benefits (including spousal or survivor benefits),
- You are the 65-year-old spouse of a 62-year-old or older worker who qualifies for no premium Part A, or
- You or your spouse had Medicare-covered government employment.

2021 monthly premiums

Quarters of Social Security eligibility	Premium
30–39	\$259
Less than 30	\$471

2021 cost for an in-hospital stay (per occurrence)

Days 1–60	\$1,484 deductible
Days 61–90	\$371 per day co-payment
Days 90+	Lifetime reserve days** (\$742 per day) or all costs

If you need care in a skilled nursing facility, for Days 21–100 you will be responsible for \$185.50 coinsurance per day.

* Applies if you qualify for Part A with no premiums. Otherwise, you should apply three months prior to the month you turn age 65 through the third month after. † Surcharges may apply for late enrollment. ** 60 non-renewable days. ‡ To qualify, you must have continuous employer group health insurance based on your or your spouse's current work since first eligible for Medicare or had Medicare coverage for any month not covered. COBRA coverage does not qualify. § These charges may be covered by supplemental insurance.

Part B: Medical insurance

Enrollment

Enrollment is automatic if you are collecting Social Security benefits three months prior to the month you attain age 65. Otherwise, you should apply three months prior to the month you turn age 65 through the third month after.

Enrollment periods

Enrollment period	Coverage effective date
Initial — Seven month period beginning three months before the month the individual becomes age 65.	Enroll in months 1–3: month Medicare eligible Enroll in month 4: 1 month after enrollment Enroll in month 5: 2 months after enrollment Enroll in months 6–7: 3 months after enrollment
Special† — Anytime while covered under a current employer's plan (or spouse's current employer's plan) or during an eight month period beginning with the earlier of the month coverage terminates or work ends.	Enroll in month 1: month of enrollment Enroll in months 2–8: 1 month after enrollment
General† — Annually Jan 1–Mar 31	Jul 1

Costs†

2021 monthly premiums

Yearly income (2019) by filing status			2021 monthly premium
Single	Married/joint	Married/separate	
\$88,000 or less	\$176,000 or less	\$88,000 or less	\$148.50
>\$88,000–\$111,000	>\$176,000–\$222,000		\$207.90
>\$111,000–\$138,000	>\$222,000–\$276,000		\$297.00
>\$138,000–\$165,000	>\$276,000–\$330,000		\$386.10
>\$165,000–<\$500,000	>\$330,000–<\$750,000	>\$88,000–<\$412,000	\$475.20
\$500,000+	\$750,000+	\$412,000+	\$504.90

You will also be responsible for an annual deductible (\$203 in 2021) and, typically, 20% coinsurance of the Medicare allowed charge.[§]

Part D: Prescription drug coverage

Enrollment (must be enrolled in parts A and/or B)

Enrollment periods

Enrollment period	Coverage effective date
Initial — 7 month period beginning 3 months before the month the individual becomes age 65.	Enroll in months 1–3: 1st month of Part D eligibility Enroll in months 4–7: 1st of the month following the month the request was made
Special Enrollment Period (SEP) — Apr 1–Jun 30 if you enroll in Part B during general enrollment.	Jul 1
Annual — Oct 15–Dec 7*	Jan 1 of following year
Medicare Advantage Open Enrollment Period — Jan 1–Mar 31 if you're enrolled in a Medicare Advantage Plan. Once during this time, you can switch to Original Medicare (and join a separate Part D plan).	1st of the month following the month the request was made

Costs**

2021 prescription drug costs (federal guidelines)

	Prescription drug costs	What you pay	Total out of pocket expense
Annual deductible	\$0–\$445	100%	\$445
Initial coverage phase	\$445–\$4,130	25%	\$1,366.25
Coverage gap	\$4,130–\$9,313.75†	25%	\$6,550
Catastrophic coverage	Above \$9,313.75†	Greater of 5% or \$3.70 generic or \$9.20 all other drugs	\$6,550+

- Plans may have different deductibles, co-pays and coverage in the “coverage gap.” The federal guidelines above represent maximum out-of-pocket costs.
- You will also be responsible for a monthly premium which can vary by plan.†
- In the “coverage gap,” you will receive a 75% discount on brand and generic prescriptions. 95% of the full cost of brand and your co-pay on generic prescriptions apply for getting out of the “coverage gap.”

Source: Department of Health and Human Services. See www.medicare.gov for more information, restrictions and limitations on Medicare benefits.

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Lit No. **MEDICARE-FS-1120**

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Medigap

Insurance issued by private insurance companies that provides reimbursement for out-of-pocket medical costs such as

1. Deductibles for Parts A & B
 2. Cost of extended hospitalization under Part A
 3. Coinsurance on doctors' services and outpatient care under Part B
 4. Costs in excess of Medicare-approved charges
 5. Most self-administered prescription drugs
 6. Skilled nursing facility costs regulated by state insurance authorities within guidelines set by the federal government
- 10 standard Medigap plans offer different levels of supplemental coverage (A–D, F, G, K–N).[§] The best time to buy a Medigap policy is during the six month period that begins on the first day of the month in which you are age 65 or older and enrolled in Part B. After this period your option to buy a Medigap policy may be limited and may cost more.

Part C: Medicare Advantage

- A Medicare Advantage Plan is an alternative to Part B. Must be enrolled in Parts A and B to elect a Medicare Advantage Plan. Cannot have a Medigap plan or a Part D plan.
- Part C coverage is available in three forms: managed care plans (e.g., HMOs, PPOs), private fee-for-service plans or medical savings accounts.^{||}
- If you want prescription drug coverage, in most cases you will need to obtain the coverage through your Medicare Advantage Plan.
- Each plan can charge different out-of-pocket costs. You usually pay one monthly premium to the plan, in addition to your Part B premium.

* A person can enroll in Part D anytime if they qualify for the extra help due to low income. ** Surcharges may apply for late enrollment. † This is the upper limit for a person who qualifies for a subsidy due to low income. The upper amount for a person without a subsidy is \$10,048.39 and this figure takes into account a person buying both brand and generic drugs. The upper amount for a person without a subsidy buying only brand name drugs is \$9,586.58. ‡ May be higher for individuals with higher income. § Plans C and F are not available to beneficiaries who turn 65 on or after January 1, 2020. Special provisions offered in MA, MN and WI. || Only available in Pennsylvania.