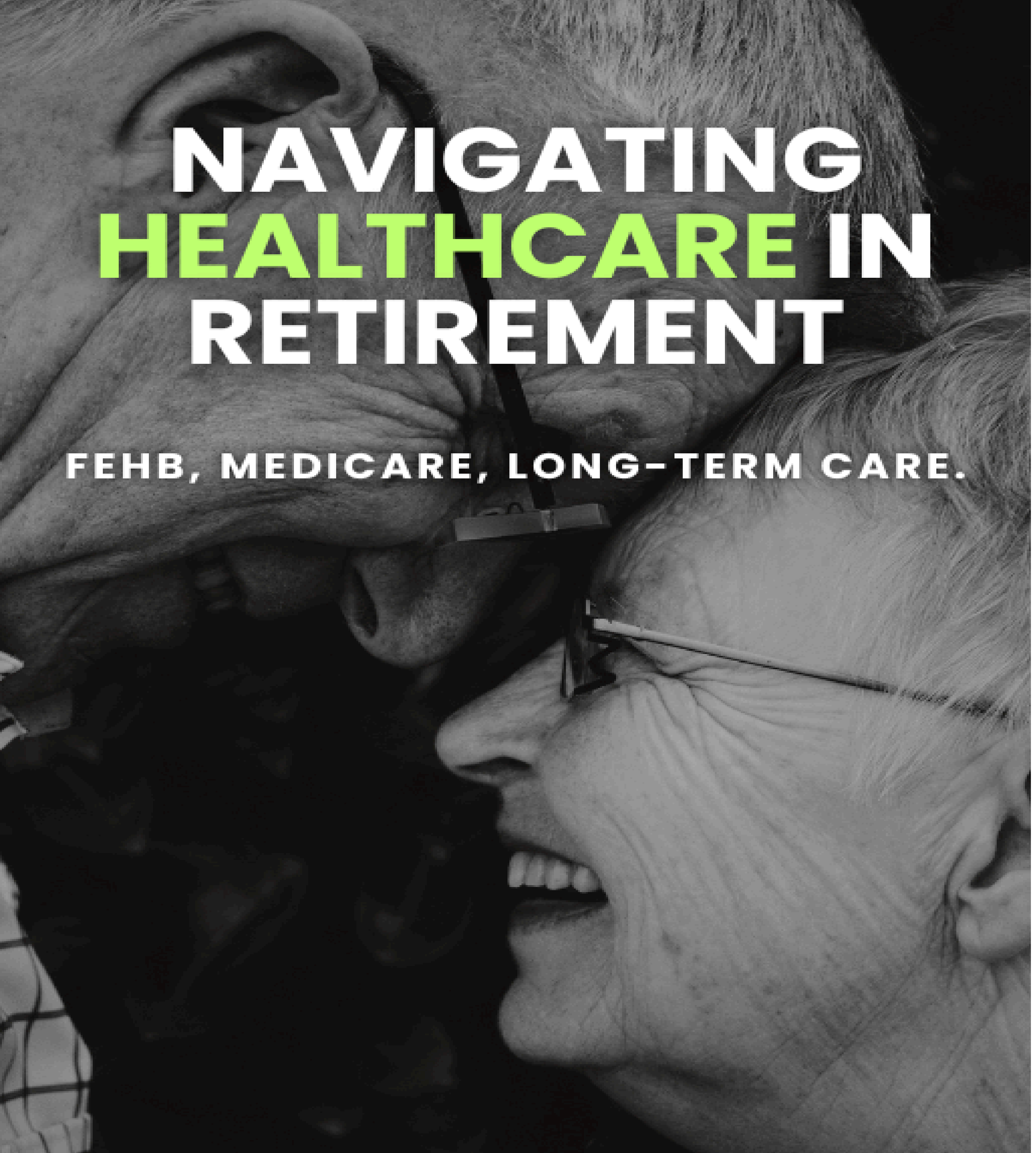
NAVIGATING HEALTHCARE IN RETIREMENT

FEHB, MEDICARE, LONG-TERM CARE.



JEFF GILL

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First Edition: 2024

- About the author.

I am a retirement income specialist with a passion for helping people reduce taxes and market risks through creative planning. At 57, I am happily married to my wife, Sarah, and we have three young children under the age of 7.

After a global career in the oil and gas industry, I gained invaluable knowledge on building wealth outside of corporate-sponsored 401(k)s, enabling me to retire early and pursue my dream of helping others achieve financial independence.

In 2019, I founded Peak Mutual, specializing in retirement income solutions and distribution. As a licensed professional in all 50 states, I provide virtual services with flexible appointment options to meet clients wherever they are. Beyond retirement planning, I also help business owners and individuals eliminate debt, offering comprehensive strategies to secure financial stability.

Partnering with leading companies, Peak Mutual delivers innovative solutions tailored to our clients' financial needs, even for the most complex issues. Our mission is to empower clients with the knowledge and tools to achieve their financial goals and live their best lives.

Outside of work, my family and I enjoy life on our small farm in Chickamauga, GA, where we raise livestock. I am grateful to live my dream while helping others achieve theirs.

Jeffrey Gill - CEO & Founder, **Peak Mutual.**

Scan the QR code to connect with me.

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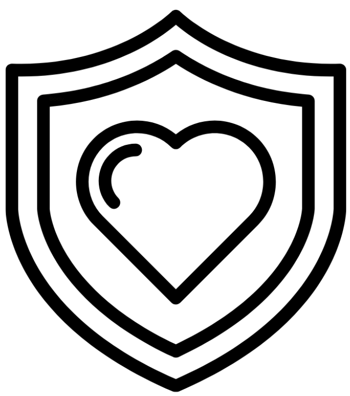
Introduction

Healthcare: The Cornerstone of a Secure Retirement

When you think about retirement, you probably imagine spending time with family, traveling, or finally enjoying your favorite hobbies. But let's be honest—none of that is possible without good health and a solid plan to protect it. That's where healthcare planning comes in.



For federal employees, understanding your healthcare options—like Federal Employees Health Benefits (FEHB), Medicare, and long-term care—is one of the most important steps to securing a happy, stress-free retirement. With the right plan, you can rest easy knowing that unexpected medical expenses or long-term care needs won't derail your financial future.

Why Healthcare Planning Matters

Here's the thing: healthcare costs can be one of the biggest expenses in retirement. Even with great benefits like FEHB and Medicare, knowing how they work together is critical. Many retirees make costly mistakes, like missing enrollment deadlines or underestimating long-term care expenses, simply because they didn't have all the information.

Why this eBook will help you:

- **FEHB:** Learn how to keep your federal health benefits after retirement and what changes to expect.

- **Medicare:** Understand how it fits into your retirement healthcare plan and whether you should enroll in Part B.
- **Long-Term Care:** Discover why it's essential to plan for the "what ifs" and explore options like FLTCIP or hybrid policies.

With this guide, you'll gain the confidence to make informed decisions about your healthcare, ensuring you have the coverage you need—without overspending.

What's Next?

This guide is packed with practical advice to help you navigate your options and avoid common pitfalls. But everyone's retirement is unique, and that's why I'm here to help.

Once you've finished reading, schedule your **Free Retirement Income Roadmap** consultation. Together, we'll take a personalized look at your healthcare needs and craft a plan that's tailored to you.

Retirement is about enjoying life—not worrying about healthcare bills. Let's make sure you're ready for whatever comes next.

Now, let's dive in!

Chapter 1: The Basics of FEHB Post-Retirement

If you're a federal employee, the Federal Employees Health Benefits (FEHB) program is one of the best perks of your career. It provides comprehensive healthcare coverage at a cost that's hard to beat. But what happens to your FEHB coverage when you retire? Let's break it down so you know exactly what to expect.

Eligibility Requirements

The good news? You can keep your FEHB coverage after retirement—but there are a couple of boxes you'll need to check first.

5-Year Rule

Retirement Eligibility

1. **The 5-Year Rule:**
2. To maintain your FEHB benefits in retirement, you must have been enrolled in the program for at least **five consecutive years** before retiring. The same rule applies if you've switched plans during that time—you just need continuous FEHB coverage.
3. **Retirement Eligibility:**

You need to meet the eligibility requirements for an immediate annuity under FERS or CSRS. If you're unsure about this, don't worry—we can help you sort it out during a consultation.

Why This Matters:

Meeting the 5-year rule is crucial. If you don't, you could lose access to FEHB in retirement, which means finding private insurance—often at a much higher cost.

Pro Tip: If you're nearing retirement and aren't sure you meet the eligibility requirements, now's the time to check. A quick review can save you a lot of stress later.

How FEHB Carries Into Retirement

One of the best parts about FEHB is how seamlessly it transitions into retirement. Unlike some private insurance plans, you don't have to navigate a complex re-enrollment process or worry about losing benefits.

Here's what stays the same:

- **Coverage:** You'll keep the same level of coverage as an active employee.
- **Plan Choices:** You can continue with your current plan or switch during Open Season, just like when you were working.

Here's what changes:

- **Premium Payment:** Instead of coming out of your paycheck, your premiums are automatically deducted from your FERS annuity.

Example:

If you're enrolled in a Blue Cross Blue Shield plan as an active employee, your coverage and benefits will remain the same after retirement. The only difference is that your annuity will handle the payments instead of your paycheck.

Coverage Options in Retirement

As a retiree, you still have access to the full range of FEHB plans, including HMO and PPO options. Whether you want a plan with a lower premium or one with more robust coverage, you can pick the plan that fits your needs during Open Season each year.

What Stays the Same:

- Coverage for you and your eligible family members.
- Access to nationwide networks and telehealth services.
- The ability to switch plans annually if your needs change.

What Changes:

- **No More FSA (Flexible Spending Account):** Retirees can no longer contribute to an FSA. If you rely on one for out-of-pocket medical costs, you'll need a new strategy, like budgeting for those expenses.

Pro Tip: As you approach retirement, review your plan to make sure it still fits your needs. For example, if you're planning to travel more, a nationwide PPO plan might be a better fit than a local HMO.

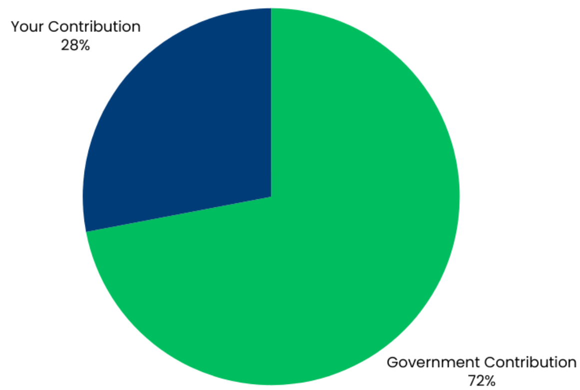
Premiums and Costs

Let's talk money—because understanding how your FEHB premiums work in retirement is essential for budgeting.

1. **Premium Sharing:**
   a. The federal government continues to pay about **72% of your premium**, which is a huge advantage compared to private insurance plans.
   b. You're responsible for the remaining **28%**, just like when you were working.
2. **Payment Method:**
   a. Instead of coming out of your paycheck, your share of the premium is automatically deducted from your FERS or CSRS annuity.

How FEHB Premiums Work in Retirement

Plan your budget with ease!



$400 Monthly Premium Breakdown: **$288 (Government)** + **$112 (You)**

Example:

- Let's say your monthly premium for a self-plus-one plan is $400.
    - The government pays **$288** (72%), leaving you to pay **$112** (28%).
    - That $112 is deducted directly from your monthly annuity, so you don't have to worry about making manual payments.

Pro Tip: Check your annuity estimate to ensure you're budgeting for premiums. While the deduction is automatic, knowing the amount helps you plan for other expenses.

Example: How a Retiree Leveraged FEHB for Consistent Coverage

Meet Susan, a federal employee who recently retired after 30 years of service. Susan had been enrolled in FEHB for her entire career, so she easily met the 5-year rule.

She chose to keep her FEHB coverage and enrolled in a PPO plan that allowed her to access healthcare services nationwide—perfect for her new travel plans. Susan also decided to enroll in Medicare Part B when she turned 65, which reduced her out-of-pocket costs even further.

Now, Susan has comprehensive healthcare coverage through FEHB and Medicare. Her premiums are deducted automatically from her annuity, giving her one less thing to worry about. With the peace of mind that comes from great healthcare, Susan is free to enjoy her retirement adventures.

Why This Matters

FEHB is one of the most valuable benefits for federal employees, and keeping it in retirement is a game-changer. By meeting the eligibility requirements and understanding your options, you can secure affordable, reliable healthcare coverage for life.

Still have questions? Let's talk. Schedule your **Free Retirement Income Roadmap** today, and I'll help you create a personalized plan that ensures your healthcare needs are covered in retirement.

Next, we'll explore how Medicare fits into your retirement healthcare plan and whether you should enroll in Part B. Stay tuned!

Chapter 2: Understanding Medicare and Its Role

Medicare is an important piece of the puzzle when planning your retirement healthcare. It's designed to provide health insurance for Americans aged 65 and older, but if you're already enrolled in FEHB, you might wonder how the two work together. Let's break it down so you can decide how Medicare fits into your retirement plan.

Medicare Basics

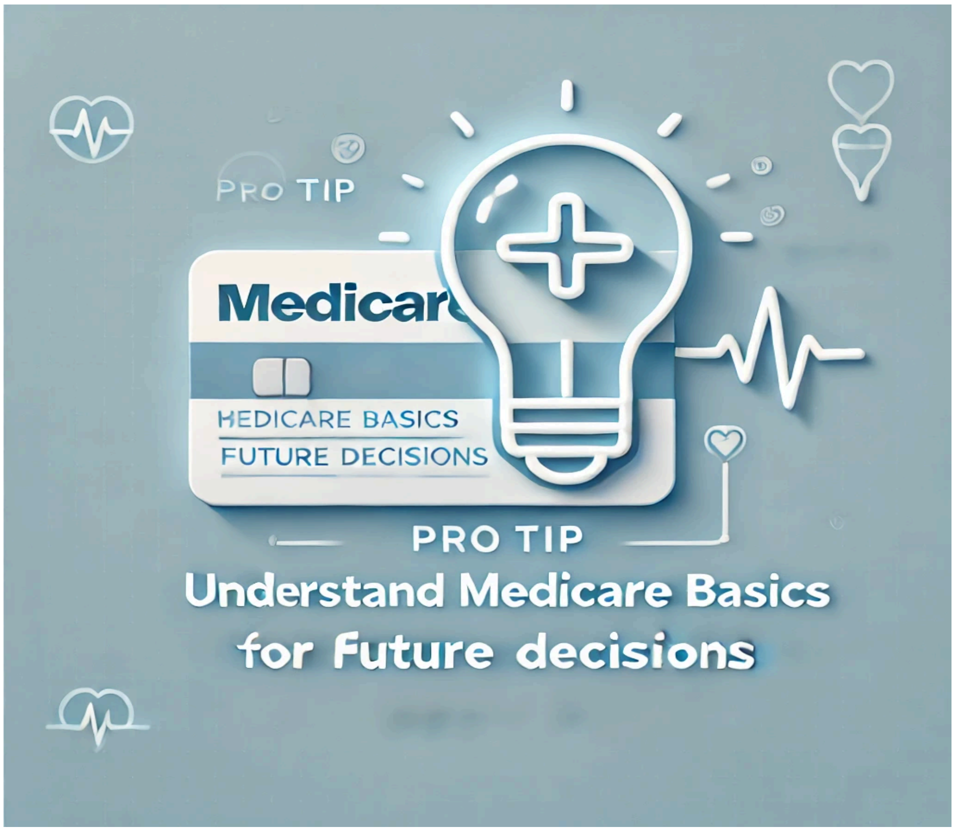
Medicare is divided into four parts, each covering different aspects of healthcare. Here's a quick overview:

1. **Medicare Part A (Hospital Insurance):**
   a. Covers inpatient hospital stays, skilled nursing care, hospice, and some home healthcare.
   b. Most people qualify for **free Part A** if they or their spouse paid Medicare taxes while working.
2. **Medicare Part B (Medical Insurance):**
   a. Covers doctor visits, outpatient care, preventive services, and durable medical equipment.
   b. Requires a monthly premium, which is based on your income.
3. **Medicare Part C (Medicare Advantage):**
   a. Combines Parts A and B into a single plan, often with additional benefits like vision or dental.
   b. Offered by private insurers and may not be necessary if you already have FEHB.
4. **Medicare Part D (Prescription Drug Coverage):**
   a. Covers prescription medications.

b. May not be needed if your FEHB plan already includes strong prescription drug coverage.

Eligibility at Age 65:

- You're eligible for Medicare starting the month you turn 65.



- If you're already receiving Social Security benefits, you'll be enrolled automatically in Parts A and B.

Pro Tip: Even if you're not planning to use Medicare immediately, understanding its basics will help you make informed decisions when the time comes.

Integration with FEHB

The great thing about being a federal retiree is that you don't have to choose between FEHB and Medicare—you can use them together. Here's how it works:

1. **FEHB as Secondary Coverage:**
    a. When you enroll in Medicare, it becomes your **primary insurance**, meaning it pays first for covered services.
    b. FEHB acts as your **secondary insurance**, covering costs that Medicare doesn't, such as deductibles, copays, and coinsurance.
2. **Benefits of Combining FEHB and Medicare:**
    a. **Reduced Out-of-Pocket Costs:** Medicare covers most of the major expenses, and FEHB picks up the rest.
    b. **Comprehensive Coverage:** FEHB can provide coverage for things Medicare doesn't, like routine dental and vision care.
    c. **Freedom to Choose Providers:** With both plans, you'll have access to a wide network of healthcare providers.

Example:

Let's say you have a $1,000 hospital bill. Medicare Part A pays most of it, and your FEHB plan covers the remaining amount. This integration can save you significant money on medical expenses.

Costs of Medicare

Understanding the costs of Medicare is key to deciding how it fits into your budget.

1. **Part A Costs:**
    a. Free for most retirees.

    b. If you don’t qualify for free Part A, premiums can range from $278 to $506 per month (2024 rates).
2. **Part B Costs:**
    a. Monthly premiums start at **$174.70** in 2024 but can increase based on your income.
    b. Higher-income retirees may pay an Income-Related Monthly Adjustment Amount (IRMAA).
3. **Part D Costs:**
    a. Premiums vary depending on the plan and whether you choose to enroll.

How to Avoid Penalties for Late Enrollment:

- Enroll in Part B during your **Initial Enrollment Period (IEP)**—the 7-month window starting three months before your 65th birthday.
- Delaying enrollment without creditable coverage (like FEHB) can result in a **lifetime penalty**, adding 10% to your premium for every year you delay.

Pro Tip: If you’re covered by FEHB and working past 65, you can delay Medicare Part B without penalty. Just be sure to enroll during the Special Enrollment Period once you retire.

Example: A Retiree’s Journey to Optimize Medicare and FEHB

Meet Tom, a retired federal employee. At age 65, Tom had a decision to make: should he enroll in Medicare Part B or rely solely on FEHB?

Here’s what he did:

- **Step 1:** Tom enrolled in Medicare Parts A and B. Since Part A was free, there was no downside to adding it. He also opted for Part B, knowing it would reduce his out-of-pocket costs for doctor visits and outpatient care.
- **Step 2:** He kept his FEHB plan, which provided coverage for prescription drugs, dental, and vision care—services Medicare doesn’t cover.
- **Step 3:** By using Medicare as his primary insurance and FEHB as secondary, Tom’s hospital stays, doctor visits, and preventive services were fully covered with minimal out-of-pocket costs.

The Result:

Tom paid about $175/month for Medicare Part B, but the savings on his medical bills far outweighed the cost. He also had peace of mind knowing he was fully covered for unexpected healthcare needs.

Why This Matters

Combining Medicare with FEHB is one of the smartest ways to ensure comprehensive healthcare coverage in retirement. By understanding how the two work together, you can make informed decisions that save you money and give you peace of mind.

Still have questions? Let's talk! Schedule your **Free Retirement Income Roadmap** today, and we'll create a personalized plan that makes the most of your Medicare and FEHB benefits.

Next, we'll explore whether enrolling in Medicare Part B is the right choice for you. Stay tuned!

Chapter 3: Deciding Whether to Enroll in Medicare Part B

One of the biggest decisions you'll face when turning 65 is whether to enroll in Medicare Part B. Since you already have excellent coverage through FEHB, it's natural to wonder if Part B is worth the extra cost. The answer? It depends on your personal health needs, budget, and retirement goals. Let's break it down.

The Pros of Enrolling in Medicare Part B

Medicare Part B covers outpatient care and services that Part A doesn't, like doctor visits, preventive services, and durable medical equipment. Here's why many federal retirees choose to enroll:

1. **Expanded Coverage:**
    a. Part B covers things like physical therapy, lab tests, and preventive screenings.
    b. When combined with FEHB, you'll have nearly comprehensive coverage, reducing the risk of large medical bills.
2. **Reduced Out-of-Pocket Costs:**
    a. With Medicare as your primary insurance and FEHB as secondary, you pay less in deductibles, copays, and coinsurance.
    b. For example, Part B covers 80% of approved outpatient services, and your FEHB plan often covers the remaining 20%.
3. **Peace of Mind:**
    a. Enrolling in Part B ensures you're covered for unexpected medical needs, like specialist visits or outpatient surgeries.
    b. It's especially beneficial if you have chronic conditions or anticipate needing frequent medical care.

Pro Tip: Think of Part B as a safety net. It adds an extra layer of financial protection for your healthcare costs.

The Cons of Enrolling in Medicare Part B

While the benefits of Part B are clear, it's not the right choice for everyone. Here are some reasons why you might skip it:

1. **Additional Monthly Premiums:**
    a. The standard Part B premium in 2024 is **$174.70 per month**, but higher-income retirees may pay more due to the Income-Related Monthly Adjustment Amount (IRMAA).
    b. If you're on a tight budget, this extra cost can feel like a burden.
2. **FEHB Alone May Be Sufficient:**
    a. Some FEHB plans already provide robust coverage for outpatient care.
    b. If you're healthy and don't expect to need much medical care, sticking with FEHB alone could save you money.

Pro Tip: Review your current FEHB plan to see how it handles outpatient care and compare it to what you'd gain with Part B.

Decision-Making Factors

Deciding whether to enroll in Part B is a personal choice that depends on several factors. Here's how to evaluate your options:

1. **Your Health Needs:**
   a. Do you visit the doctor frequently or have ongoing medical conditions?
   b. If yes, the expanded coverage and reduced out-of-pocket costs of Part B might be worth the premium.
2. **Your Budget:**
   a. Can you afford the additional monthly premium for Part B?
   b. If not, you may want to explore FEHB plans that provide more comprehensive coverage without Medicare.
3. **Your Coverage Goals:**
   a. Are you looking for the most comprehensive healthcare coverage possible?
   b. If peace of mind is a priority, enrolling in Part B and keeping FEHB as secondary coverage might be the best choice.

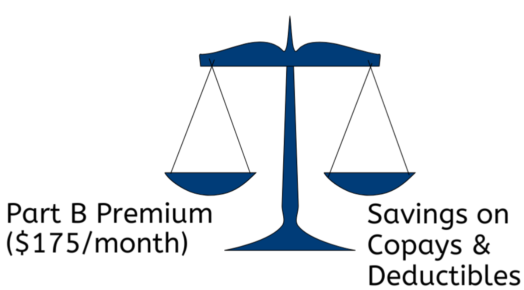
How to Weigh the Costs vs. Benefits:

- Add up the potential savings from reduced deductibles and copays with Part B.
- Compare that to the annual cost of premiums.
- Consider how much you value having nearly seamless coverage and minimal out-of-pocket expenses.

Example: A Federal Retiree's Analysis of Enrolling in Part B

Let's meet Diane, a retired federal employee turning 65. Here's how she approached the decision to enroll in Medicare Part B:

1. **Her Situation:**
    a. Diane has a FERS annuity and FEHB coverage through Blue Cross Blue Shield.
    b. She’s generally healthy but sees a specialist twice a year and takes a few prescription medications.
2. **Her Analysis:**
    a. Diane’s FEHB plan already offers strong coverage for outpatient care, but she realizes she’s still responsible for copays and deductibles.
    b. By enrolling in Part B, Medicare would cover 80% of her specialist visits, and her FEHB plan would likely cover the rest.
    c. The Part B premium would cost Diane about **$175/month**—or $2,100 per year.
3. **Her Decision:**
    a. Diane decided to enroll in Part B for the added peace of mind. She calculated that the savings on copays and deductibles would outweigh the premium cost, especially as her medical needs increase with age.



The Result:

Diane now has comprehensive healthcare coverage with minimal out-of-pocket expenses. She feels confident knowing she’s prepared for both routine care and unexpected medical events.

Why This Matters

Medicare Part B can be a valuable addition to your healthcare plan, but it's not a one-size-fits-all decision. By carefully weighing the costs and benefits, you can make the choice that's best for you and your unique situation.

Still unsure? Let's talk. Schedule your **Free Retirement Income Roadmap** today, and I'll help you analyze your options and create a healthcare plan that fits your goals and budget.

Next, we'll tackle long-term care planning—a crucial, often overlooked piece of the retirement healthcare puzzle. Stay tuned!

Chapter 4: Long-Term Care Planning for Federal Retirees

When most people think about healthcare in retirement, they focus on doctor visits, hospital stays, and prescription medications. But what about care that isn't medical—like help with daily tasks, mobility, or managing chronic conditions? That's where long-term care comes in, and planning for it is essential if you want to protect your finances and your peace of mind.

What is Long-Term Care?

Long-term care refers to services that help people with the activities of daily living (ADLs), such as:

- Bathing
- Dressing
- Eating
- Using the bathroom
- Moving around safely

It can also include assistance with things like meal preparation, managing medications, or even household chores. These services can be provided:

- In a **nursing home** for round-the-clock care.
- At an **assisted living facility** for help in a more independent setting.
- Through **in-home care** for those who want to stay in their own homes as long as possible.

Why Medicare and Health Insurance Aren't Enough:

Here's the catch: traditional health insurance and Medicare generally **don't cover long-term care costs.**

- Medicare only covers short-term care in specific situations, such as after a hospital stay.
- FEHB plans offer some coverage for skilled nursing care but not for the ongoing, non-medical assistance most people need.

Why It Matters:

The average cost of long-term care is significant:

- A private room in a nursing home costs over **$100,000 per year** on average.
- In-home care can cost **$4,000–$6,000 per month** depending on the level of assistance needed.

Without a plan, these expenses can quickly drain your savings.

Federal Long-Term Care Insurance Program (FLTCIP)

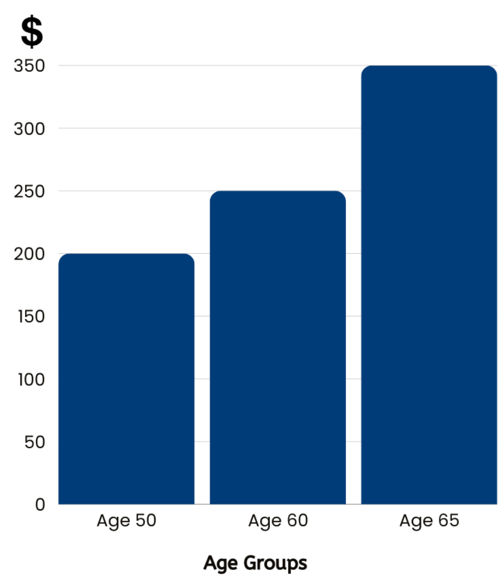
As a federal employee or retiree, you have access to the **Federal Long-Term Care Insurance Program (FLTCIP)**, a group insurance plan designed to help cover these costs.

Eligibility and Benefits:

- FLTCIP is available to federal employees, retirees, and their eligible family members.
- It covers care provided at nursing homes, assisted living facilities, and in-home settings.

Costs and When to Apply:

- The cost of FLTCIP is based on your age and health at the time of application. The younger and healthier you are when you apply, the lower your premiums will be.
- **Example Premiums:** A 55-year-old might pay $200 per month, while a 65-year-old could pay $350 per month for the same coverage.
- Once you're approved, your premiums won't increase due to changes in your health, but they may adjust based on the program's overall cost structure.



Pro Tip: If you're in good health and nearing retirement, consider applying for FLTCIP sooner rather than later to lock in lower rates.

Alternative Long-Term Care Solutions

If FLTCIP isn't the right fit for you, there are other ways to plan for long-term care expenses:

1. **Hybrid Life Insurance Policies with Long-Term Care Riders:**
    a. These policies combine life insurance with long-term care benefits.
    b. If you don't use the long-term care coverage, your family still receives the death benefit.
    c. This can be a good option if you're looking for flexibility and a guaranteed benefit.

Example: A hybrid policy might cost $3,000 per year but provide $200,000 in long-term care benefits or a $100,000 death benefit if the care isn't used.

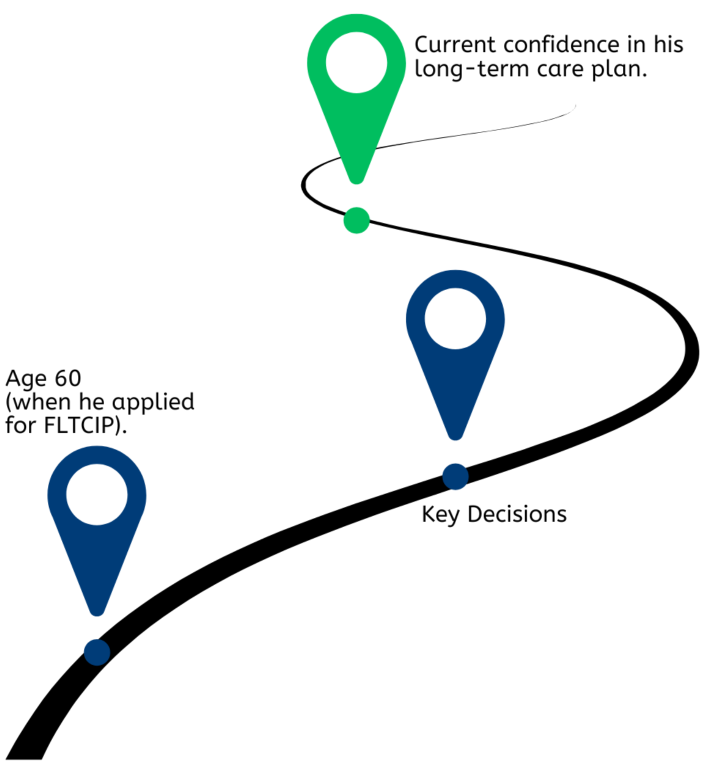
2. **Self-Funding:**
    a. Set aside a portion of your retirement savings specifically for long-term care.
    b. This requires careful budgeting and discipline, as the costs can be unpredictable.
3. **Creating a Long-Term Care Savings Plan:**
    a. Consider using a Health Savings Account (HSA) if you're eligible. Funds in an HSA grow tax-free and can be used for qualified long-term care expenses.
    b. Even if you're no longer eligible for an HSA, maintaining a dedicated savings account can help you prepare.

Pro Tip: Combine these options to create a customized plan. For example, you might use a hybrid policy for some coverage and set aside additional savings for out-of-pocket costs.

Example: A Retiree's Strategy to Prepare for Long-Term Care Needs

Meet David, a retired federal employee in his early 60s. Here's how he approached long-term care planning:

1. **Step 1:** David evaluated his family history and realized there was a likelihood he might need long-term care at some point.
2. **Step 2:** He applied for FLTCIP at age 60, securing a policy that costs him $250 per month and provides $300,000 in coverage for long-term care.
3. **Step 3:** David also purchased a hybrid life insurance policy with a $150,000 death benefit and $100,000 in long-term care coverage, ensuring additional flexibility.
4. **Step 4:** To cover any gaps, he earmarked $50,000 of his TSP savings as a backup for future care needs.



The Result:

David now feels confident that his long-term care costs will be covered without burdening his family or depleting his retirement savings.

Why This Matters

Long-term care planning isn't just about protecting your finances—it's about protecting your peace of mind and ensuring you and your family are prepared for the future. The earlier you start planning, the more options you'll have.

Not sure where to start? Let's talk. Schedule your **Free Retirement Income Roadmap** today, and we'll create a personalized plan to address your long-term care needs while safeguarding your retirement savings.

Next, we'll dive into tax considerations for healthcare in retirement, so you can keep more of your hard-earned money. Stay tuned!

Chapter 5: Tax Implications of Healthcare Decisions

Healthcare in retirement isn't just about having the right coverage—it's also about managing the costs effectively. Taxes play a big role in how far your money can stretch. By understanding the tax implications of your healthcare decisions, you can save more and keep your financial plan on track. Let's explore how to make the most of your tax advantages.

Using FEHB and Medicare to Maximize Tax Efficiency

As a federal retiree, combining FEHB and Medicare doesn't just enhance your healthcare coverage—it can also help you manage your taxes effectively.

1. **Premium Deductions from Annuities:**
    a. Your share of FEHB premiums is deducted directly from your FERS or CSRS annuity.
    b. These deductions are made **pre-tax**, meaning they reduce your taxable income.

Example:

If your monthly FEHB premium is $200, you won't pay taxes on that amount, lowering your taxable income by $2,400 per year.

2. **Tax Advantages of Health Savings Accounts (HSAs):**
    a. If you're enrolled in a high-deductible health plan (HDHP) through FEHB before retiring, you can contribute to an HSA.
    b. HSAs offer triple tax advantages:
        i. **Contributions are tax-deductible.**
        ii. **Funds grow tax-free.**
        iii. **Withdrawals for qualified medical expenses are tax-free.**

- Tax-Deductible Contributions
- Tax-Free Growth
- Tax-Free Withdrawals

Pro Tip: Although you can't contribute to an HSA once you enroll in Medicare, the funds you've already saved can still be used tax-free for healthcare expenses, including Medicare premiums.

Long-Term Care Costs and Taxes

Long-term care can be expensive, but there are several tax breaks designed to help offset these costs.

1. **Tax Deductions for Long-Term Care Premiums:**
   a. Premiums for long-term care insurance are considered a medical expense and can be deducted if they, along with other medical expenses, exceed **7.5% of your adjusted gross income (AGI)**.
   b. The deductible amount depends on your age. For example, in 2024, a retiree aged 61–70 can deduct up to $4,770 of long-term care premiums.

Example:

If you pay $3,000 annually for a long-term care insurance policy and your total medical expenses exceed 7.5% of your AGI, you can deduct the full $3,000 from your taxable income.

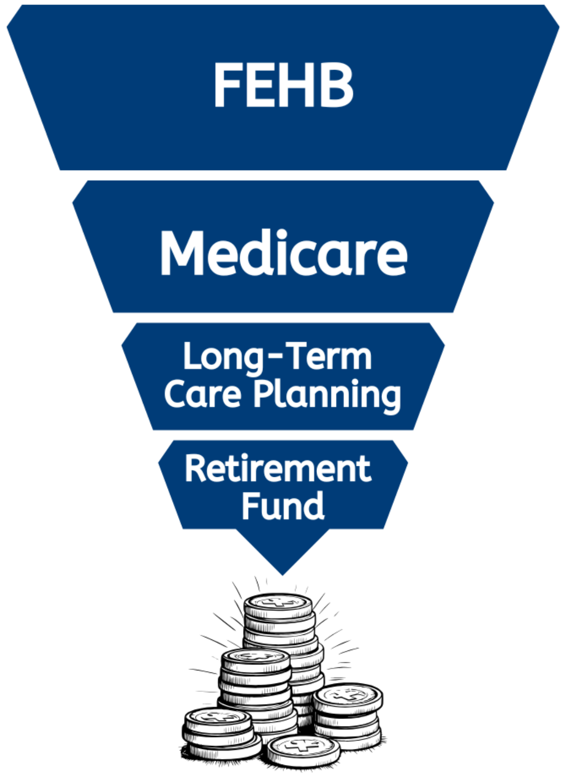
2. **Deducting Out-of-Pocket Long-Term Care Expenses:**
    a. Costs for services like nursing homes, assisted living, or in-home care are also tax-deductible if they exceed the 7.5% threshold.
    b. To qualify, the care must be for a chronically ill individual and provided under a plan of care prescribed by a licensed healthcare practitioner.

3. **Planning for Potential Tax Breaks:**
    a. Keep detailed records of all healthcare and long-term care expenses, including premiums, medical supplies, and in-home care costs.
    b. Work with a tax professional to ensure you're taking advantage of every deduction available.

Pro Tip: If you're approaching the 7.5% AGI threshold, consider bunching expenses into one year to maximize your deductions.

Why Tax Planning Matters

Every dollar you save on taxes is a dollar you can put toward enjoying your retirement. By understanding how to use FEHB, Medicare, and long-term care planning to your advantage, you can reduce your taxable income and keep more of your hard-earned money.



What's Next?

If navigating healthcare and tax planning feels overwhelming, you're not alone. That's why I'm here to help. Schedule your **Free Retirement Income Roadmap** today, and we'll create a personalized strategy to optimize your healthcare coverage and minimize your tax burden.

Next, we'll dive into common healthcare planning mistakes and how to avoid them, so you can retire with confidence. Stay tuned!

Chapter 6: Common Healthcare Planning Mistakes

Healthcare is one of the most important aspects of retirement planning, but even the best-laid plans can go off track if you're not careful. Small oversights can lead to big headaches—and even bigger expenses. Let's look at some common mistakes retirees make with healthcare planning and, more importantly, how to avoid them.

1. Overlooking FEHB Eligibility Rules

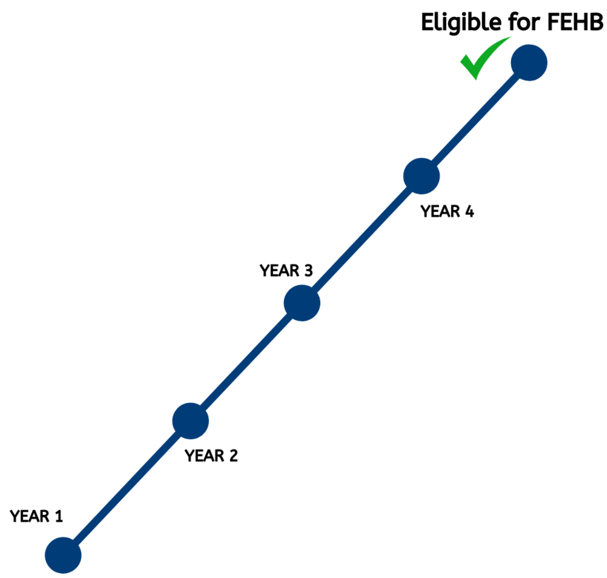
The Federal Employees Health Benefits (FEHB) program is a major advantage for federal retirees, but it comes with one crucial rule: **you must be enrolled in FEHB for at least five consecutive years before retiring** to keep your coverage.

Why This Matters:

- If you don't meet the 5-year requirement, you'll lose access to FEHB in retirement.
- Without FEHB, you'll need to find private insurance, which is often more expensive and less comprehensive.

How to Avoid This Mistake:

- Double-check your FEHB enrollment history well before you retire.
- If you're not on track to meet the 5-year rule, enroll in FEHB as soon as possible.



Pro Tip: Even if you're covered by a spouse's insurance, consider enrolling in FEHB during your last five working years to ensure you're eligible for this valuable benefit in retirement.

2. Delaying Medicare Enrollment

Medicare is a critical part of retirement healthcare, but delaying enrollment can lead to costly penalties—especially for Part B.

Why This Matters:

- If you don't enroll in Medicare Part B during your **Initial Enrollment Period (IEP)** (the 7-month window around your 65th birthday), you could face a lifetime penalty.
- The penalty adds **10% to your Part B premium for every year you delay enrollment**, and it lasts as long as you have Medicare.

Example:

If the standard Part B premium is $175/month, delaying enrollment by two years would add a 20% penalty, increasing your monthly cost to $210. Over 20 years, that's an extra $8,400!

How to Avoid This Mistake:

- Enroll in Part B during your IEP unless you're still working and covered by your employer's group health plan.
- If you're delaying retirement past 65, enroll in Part B during your **Special Enrollment Period (SEP)** to avoid penalties.

Pro Tip: Even if you're covered by FEHB, Part B can reduce your out-of-pocket costs and provide added peace of mind.

3. Ignoring Long-Term Care Needs

Planning for long-term care (LTC) is often overlooked, but the risks of waiting too long are significant. Without a plan, you could face enormous out-of-pocket costs for services like nursing homes, assisted living, or in-home care.

Why This Matters:

- Long-term care is not covered by Medicare or most FEHB plans.
- The average annual cost of a nursing home is over **$100,000**, and in-home care can cost **$4,000–$6,000 per month.**

How to Avoid This Mistake:

- Explore your options early, whether through the **Federal Long-Term Care Insurance Program (FLTCIP)**, hybrid life insurance policies, or self-funding.
- Apply for long-term care insurance when you're still healthy to secure lower premiums.

Care Options	Average Costs	Planning Solutions	Best Age to Plan
Nursing Homes	Over $100,000 annually	Federal Long-Term Care Insurance Program (FLTCIP)	50s or Early 60s
Assisted Living	Varies by location, but can be expensive	Hybrid Life Insurance	50s or Early 60s
In-Home Care	$4,000–$6,000 per month	Self-Funding	50s or Early 60s

Pro Tip: Waiting until you're in your 70s to plan for LTC can limit your options and significantly increase costs. Start planning in your 50s or early 60s for the best results.

Example: How a Small Oversight Cost a Retiree Thousands

Let's meet Karen, a retired federal employee who thought her FEHB plan would cover all her healthcare needs. Here's what happened:

1. **Overlooking Medicare Enrollment:** Karen delayed enrolling in Medicare Part B because she didn't think she needed it. When she eventually enrolled three years later, she faced a **30% lifetime penalty**, adding $50/month to her premium.
2. **Ignoring Long-Term Care Planning:** Karen also didn't plan for long-term care expenses. When she needed in-home care for a few

months after an injury, she had to pay **$20,000 out-of-pocket** because Medicare and FEHB didn't cover it.

How Karen Could Have Avoided This:

- Enrolling in Part B on time would have saved her $600/year in penalties.
- Securing a long-term care insurance policy in her early 60s could have covered her in-home care needs at a fraction of the cost.

Why This Matters

Healthcare planning mistakes can be expensive, stressful, and preventable. By staying informed and proactive, you can avoid costly oversights and ensure your healthcare needs are met in retirement.

If you're feeling unsure about your plan, don't worry—that's why I'm here. Schedule your **Free Retirement Income Roadmap** today, and I'll help you navigate your healthcare options with confidence.

Next, we'll wrap things up with a summary of key takeaways and steps you can take right now to secure your retirement healthcare. Let's finish strong!

Conclusion and Call to Action

Your Path to Peace of Mind in Retirement

Retirement should be about enjoying the life you've worked so hard to build, not worrying about healthcare costs or coverage. That's why planning ahead is so important. By combining **FEHB**, **Medicare**, and **long-term care planning**, you can create a comprehensive healthcare strategy that protects your finances and ensures you're ready for whatever comes your way.

Let's take a quick look back at the key points we've covered:

- **Eligibility:** Meeting the 5-year FEHB rule ensures you can keep this valuable benefit in retirement.
- **Integration:** Combining Medicare and FEHB gives you enhanced coverage with fewer out-of-pocket expenses.
- **Tax Strategies:** From premium deductions to long-term care tax breaks, smart planning can save you thousands.
- **Avoiding Mistakes:** Avoiding common missteps—like delaying Medicare enrollment or neglecting long-term care planning—can save you time, stress, and money.

With the right plan, you can enjoy peace of mind knowing your healthcare needs are covered and your financial future is secure.

Ready to Take the Next Step?

Let Us Help You Build Your Free Retirement Income Roadmap!

Navigating healthcare in retirement can feel overwhelming, but you don't have to do it alone. I'm here to help you make sense of your options and create a personalized plan that fits your needs.

When you schedule your **Free Retirement Income Roadmap**, you'll get:

- A detailed review of your FEHB, Medicare, and long-term care options.
- Strategies to optimize your coverage and minimize costs.
- A clear, actionable plan that gives you confidence in your healthcare decisions.

Scan the QR code below to get started. Can't wait to see you on the other side.