



SECURITY BENEFIT

Maximize Medicare for Physical and Fiscal Well-Being

Medicare

As you near or enter retirement, you have to make several financial decisions that will affect how far your retirement savings will stretch and one of the most critical ones concerns how you'll pay for health care.



Agenda

Medicare Overview

Additional Coverage Options

Enrollment and Evaluation





Medicare Overview

Medicare Overview

WHAT CAN MOST PEOPLE EXPECT TO SPEND ON HEALTH CARE COSTS IN RETIREMENT?

Projected Average Health Care Costs

Retirees pay an average of

\$6,500

annually out of pocket for Medicare premiums, co-pays, and deductibles, about a third of the average Social Security benefit.¹

The projected lifetime cost of care for an average 65-year-old couple is

\$683,306

on health care costs in retirement (including Medicare Part A, Part B, and Part D premiums and deductibles).²

Medicare Overview

MEDICARE BASICS³

Eligibility: U.S. citizens or permanent residents 65 or older, U.S. citizens under 65 who have a disability, U.S. citizens under 65 who have permanent kidney failure

Part A (Hospital Insurance) helps cover

- Inpatient care in a hospital or skilled nursing facility
- Hospice care
- Home health care

Part B (Medical Insurance) helps cover

- Medically necessary physician services
- Outpatient care
- Home health services
- Durable medical equipment
- Mental health services
- Other medical services including many preventive services

Part C and Part D (Drug Coverage) help pay for

- Expenses not covered by Medicare for some services and prescription drugs:
 - Part C: A Medicare Supplement policy (Medigap)⁴
 - Part C: A Medicare Advantage Plan
 - Part D: Maximum out-of-pocket expense \$2,100 in 2026
 - Once you reach \$2,100, you'll qualify for catastrophic coverage and won't have to pay out-of-pocket for covered Part D drugs for the remainder of the year
- Dental, vision, and hearing coverage available for additional expense⁴

Expenses Medicare doesn't cover

- Most dental care
- Eye exams related to prescribing glasses
- Dentures
- Massage therapy
- Acupuncture
- Cosmetic surgery
- Routine physical exams
- Hearing aids
- Long-term care

³<https://www.medicare.gov/>

⁴ A Medigap plan is an optional purchase to supplement Medicare coverage, and a Medicare Advantage Plan may be elected as an alternative to traditional Medicare.

Medicare Overview

SO WHAT DOES THIS MEAN IN TERMS OF ACTUAL COSTS FOR PARTS A AND B?⁵

Part A Coverage (Hospital)

Free to Original Medicare Enrollees

- \$1,736 deductible
- Pays for 60 days of hospitalization in full (after deductible)
- Pays all for 61-90 days (except \$434 per day)
- Pays all for 91 days and later but \$868 per day while using 60 lifetime reserve days
- Daily coinsurance for skilled nursing facility is \$217
- Pays nothing afterward

Part B (Medical Services, Supplies, Skilled Nursing)

- Pays for outpatient care, preventive and ambulance services, and durable medical equipment
- Covers part-time or intermittent home health and rehabilitative services, such as physical therapy, if ordered by a doctor
- Covers preventive services including a one-time “Welcome to Medicare” visit, flu and hepatitis B shots, and screenings for cardiovascular conditions, cancer, diabetes, and more

Skilled Nursing

- Pays all approved amounts for the first 20 days
- Pays all for 21-100 days (except \$217 per day)
- Pays nothing afterward

⁵<https://www.medicare.gov/>

Medicare Overview

SO WHAT DOES THIS MEAN IN TERMS OF ACTUAL COSTS?⁶

- 2026 Part B costs \$202.90 per month for most, but some people will pay more from income-related adjustment amounts. Cost is based on most recent tax return and can go as high as \$689.90 per month.
- Part B (Hospital)
 - Deductible of \$283 in 2026 applies.
 - You must pay all costs up to the Medicare-approved amount until you meet the yearly Part B deductible.
 - Once deductible is met, Medicare begins to pay its share and you typically pay 20% of the Medicare-approved amount of the service.

⁶ <https://www.medicare.gov/>



Additional Coverage Options

Additional Coverage Options

PART C

Medicare Supplement Policy (Medigap)

- Sold by private companies to pay for some of the remaining health care costs and services that Medicare doesn't cover
- Cannot combine with Part D prescription drug plan

Medicare Advantage Plan

- Offered by companies approved by Medicare
- Provides for all Part A (hospital) and Part B (medical insurance) coverage
- May offer extra coverage (vision, dental, and/or health and wellness programs) for an additional amount
- Typically includes Medicare Part D prescription drug coverage
- Maximum out-of-pocket expense \$9,250 (plus out-of-pocket costs for prescription drugs) per year
- Average monthly premium \$14 - \$18 per month

Medicare pays a fixed monthly amount for your care to companies offering Medigap and Medicare Advantage plans. Each company must follow rules set by Medicare but each can:

- Charge different out-of-pocket costs
- Have different rules about how you get services (e.g., referral to specialist or requirement to use certain providers and/or facilities for non-emergent care)

Key Differences

- A Medigap policy only supplements your Original Medicare benefits. In addition to your Part B premium, you pay a monthly premium that helps cover copayments, coinsurance, and deductibles.
- A Medicare Advantage Plan is designed to provide additional benefits to supplement Original Medicare coverage.

⁷<https://www.medicare.gov/>; <https://www.hhs.gov/answers/medicare-and-medicare-what-is-medicare-part-c/index.html>; <https://www.payingforseniorcare.com/medicare-advantage/what-does-it-cost> <https://www.ehealthinsurance.com/medicare/supplement-all/how-much-medicare-supplement-plans-cost>

Additional Coverage Options

PART D

Prescription Drug Coverage⁸

Available from a stand-alone Medicare prescription drug plan or a Medicare Advantage prescription drug plan that combines Original Medicare Parts A and B with drug coverage.

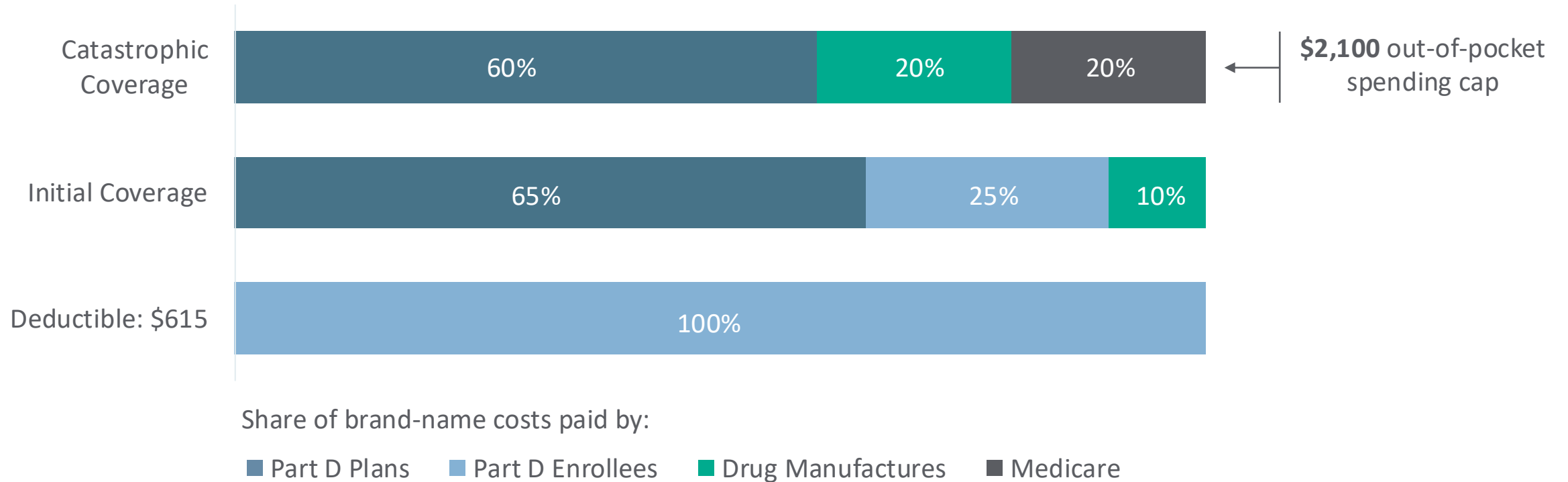
Part D national average premium for 2026

\$34.50 (est.)

⁸<https://www.medicare.gov/>; <https://www.medicareinteractive.org/get-answers/medicare-prescription-drug-coverage-part-d/medicare-part-d-costs/part-d-costs#:~:text=Your%20plan%20cannot%20change%20your,Medicare%20drug%20costs%20for%202020.&text=Varies%20by%20plan.,Average%20national%20premium%20is%20%2432.74.>

Additional Coverage Options

CHANGES TO MEDICARE PART D BENEFIT⁹



⁹ KFF.org

Additional Coverage Options

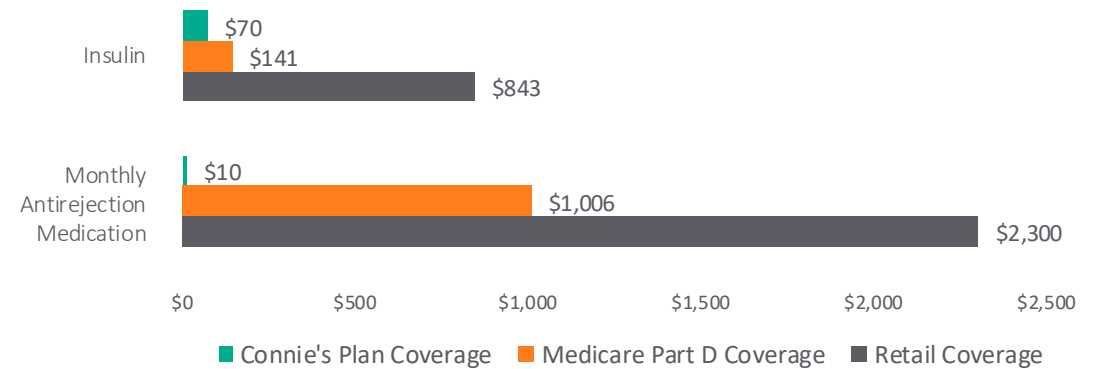
WHAT CAN MOST PEOPLE EXPECT TO SPEND ON PRESCRIPTION COSTS IN RETIREMENT?

Case Study

Here's a real-life example taken from an AARP article.¹¹

Bob and Connie Keller have been married for 45 years. Bob, a diabetic, had to retire in 1996 and later underwent a kidney transplant with a kidney his wife donated. Connie would like to retire from her job as an office manager at a mortgage brokerage company, but Bob's drugs (insulin, antirejection drug, inhalers) would cost about \$2,000 a month.

Monthly Medication Expense Coverage



¹¹ <https://www.aarp.org/politics-society/advocacy/info-2019/prescription-drugs-keller-story>

Additional Coverage Options

WHAT CAN MOST PEOPLE EXPECT TO SPEND ON PRESCRIPTION COSTS IN RETIREMENT?

Case Study

And here's one more, also taken from an AARP article.¹²

Pam Holt, a retired Indiana principal, had a pension, Social Security, and good health until retirement when she was diagnosed with cancer and underwent a stem cell operation. The medication she needed was \$11,000 a year. The first month her cost was \$3,000, which she put on a credit card. Once catastrophic coverage kicked in, her cost was still \$640 a month. At 69, she had to refinance her home to pay off her credit card and continue to pay for her medication.

¹² <https://www.aarp.org/politics-society/advocacy/info-2019/prescription-drugs-holt-story.html>

Additional Coverage Options

CHOOSING A MEDICARE PRESCRIPTION DRUG PLAN (PART D)

- Make a list of all the prescription drugs you currently take and the price you pay.
- Compare plans at Medicare.gov.
- Does each plan cover the drugs you are taking?
- What deductibles and copayments does each plan require?
- What will your monthly premium be?
- What pharmacies are included in each plan's network?

Ask for help. Personalized counseling is available through your State Health Insurance Assistance Program, or you can call a Medicare customer representative at 800.MEDICARE (800.633.4227).



Enrollment and Evaluation

Enrollment and Evaluation

HOW DO YOU ENROLL?

Automatic Enrollment in Original Medicare Parts A and B

- Social Security or Railroad Retirement Board benefit recipients at least four months prior to 65th birthday
- Social Security Administration notification and card sent three months prior to 65th birthday

Enrollment

If you are not already receiving the benefits above and want to sign up for Medicare, apply:

- Online
- By phone
- By visiting your local Social Security office

The start date of your coverage depends on when you enroll.

Enrollment and Evaluation

CHOOSING A MEDICARE PRESCRIPTION PLAN (PART D)

Individuals New to Medicare

- Seven months to enroll (three months before your birthday month, your birthday month, and three months following it the year you become eligible)

Current Medicare Beneficiaries

- Can enroll in a drug plan or change drug plans during an annual election period:
 - Between October 15 and December 7 of each year
 - Coverage effective January 1 of the following year

If you qualify for special help, you can enroll in a drug plan at anytime during the year.

Other events may qualify you for a Special Enrollment Period outside of the annual election period when you can enroll in or switch plans:

- Your address changes
- Your previous insurance changes

Enrollment and Evaluation

IF YOU ALREADY HAVE A MEDICARE PRESCRIPTION PLAN (PART D)

- Review your plan each fall to make sure it still meets your needs.
- You will receive a notice from your current plan letting you know of any important plan modifications or additional plan options available.

Unless you decide to make a change, you'll automatically be re-enrolled in the same drug plan for the upcoming year.

Enrollment and Evaluation

WHAT HAPPENS AFTER YOU JOIN A PRESCRIPTION PLAN?

- You'll receive a prescription drug card and detailed information about the plan.
- Generally, you'll have to fill your prescriptions at a pharmacy in your plan's network or through a mail-order service in that network.



Enrollment and Evaluation

DO YOU HAVE TO JOIN A PRESCRIPTION DRUG PLAN?

The Medicare prescription drug benefit is voluntary.

CAUTION

If you don't join when you're first eligible, but decide to join in a future year, you'll pay a premium penalty that will permanently increase the cost of your coverage **unless**:

- You didn't join sooner because you already had prescription drug coverage (e.g., employer health plan, spouse's health plan) that was as good as Medicare.

Enrollment and Evaluation

WHAT IF YOU ALREADY HAVE COVERAGE THROUGH AN EMPLOYER OR A SPOUSE'S PLAN?

You can generally wait to enroll in Medicare past age 65 if you already have group health coverage. If you have coverage through another source, talk to your benefits administrator, insurer, or plan before making changes to your coverage. If you drop your coverage, you may not be able to get it back.

CAUTION

Some small employers can require you to sign up for Medicare when you reach age 65. If so, contact your plan administrator to find out how your group health coverage works with Medicare.

Because Medicare Part A is free for most people, consider enrolling in Part A even if you have employer coverage to help fill any coverage gaps. You can sign up for Medicare Part A and/or Part B at any time as long as you are covered by a group health plan.

If you stop working or your coverage ends, you will have a seven-month period to sign up without penalty.

Enrollment and Evaluation

YOU CAN MAKE CHANGES ANNUALLY IF YOU DON'T LIKE YOUR COVERAGE

You typically enroll at the time of your eligibility depending on the month in which you turn 65, but there are other key dates to keep in mind.

October 15 Through December 7 (Medicare and Part D Drug Coverage)

During this open enrollment period, for the following year you can:

- Join
- Switch plans
- Drop a Medicare health or drug plan

January 1 Through March 31 (Medicare Advantage and Part D Drug Coverage)

Current Medicare Advantage plan members may switch to an Original Medicare plan at any time during the 12-month enrollment period that begins on the effective date of coverage or make other plan changes during the annual open enrollment period.

Key Takeaways

- Eligibility at 65
- Optional plans to expand coverage for medical care and prescription drugs
- Annual enrollment between October 15 and December 7 provides opportunity to reassess your plan and make changes
- Coverage begins January 1
- Medicare Advantage annual enrollment between January 1 and March 31



Resources

- 800.MEDICARE (800.633.4227)
- Medicare.gov
- HealthCare.gov
- State Health Insurance Assistance Program (SHIP)





Questions?



Thank You

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