

5 things you must know about Annuities and Medicare

Medicare Isn't Free. It's a Line Item in Your Budget

Most retirees are surprised by the ongoing costs of Part B premiums, deductibles, and drug costs. An annuity can be earmarked specifically to cover these fixed healthcare expenses, ensuring your medical bills never eat into your lifestyle fund.

Your Income Can Increase Your Medicare Costs (IRMAA)

If your retirement income is too high, Social Security may charge you a surcharge called IRMAA. Strategic planning with non-qualified annuities or Roth conversions can help you manage your taxable income to keep your Medicare premiums at the base rate.

Annuities Provide a Health Care Floor

Healthcare is a lifetime expense. A life-pay annuity creates a guaranteed income that lasts exactly as long as you do. This eliminates the fear of outliving the money you need for doctors, prescriptions, and supplements.

Principal Protection for Your Medical Emergency Fund

At age 65, you can't afford a 20% market drop. Fixed or Indexed annuities protect your principal from market volatility, ensuring that the money you've set aside for future care is there when you actually need it.

Bridging the Gap if You Retire Early

If you retire at 62 but aren't eligible for Medicare until 65, the cost of private insurance can be staggering. An immediate annuity can act as a financial bridge, providing the specific cash flow needed to cover those three years of high-cost bridge insurance.

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