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Financial Group

FIELD GUIDE Nº 6

Social Security & Medicare

The timing decisions that follow you for the rest of your life.

WARRENVILLE, ILLINOIS · LAS VEGAS, NEVADA

What's inside

> *Two programmes, several deadlines, and a set of penalties that never expire. This guide covers what each one does, when to claim, and the windows you cannot afford to miss.*

I

First principles

What each program is — and what it was never meant to be.

Social Security is an earned benefit: 40 credits of work (roughly ten years) buys a monthly check for life, indexed to inflation. It replaces about 40% of an average earner's pre-retirement income — a floor, not a plan.

Medicare is health insurance from 65 on. It is not free, it is not automatic in every case, and it does not cover long-term care.

The most expensive mistakes with both programs are timing mistakes — made once, felt for decades.

II

Full retirement age

The pivot the whole system turns on.

Your **full retirement age (FRA)** is 67 for anyone born in 1960 or later. Claim at FRA and you receive exactly the benefit you earned — your Primary Insurance Amount.

- Born 1955–1959 — FRA phases from 66 and 2 months to 66 and 10 months
- Born 1960 or later — FRA is 67, full stop
- Medicare eligibility stays at 65 — it does not move with FRA

FRA and Medicare age are different numbers. Treating them as one is the classic error.

III
Early vs. late

Every month you wait changes the check.

You may claim as early as **62** — at a permanent reduction of up to 30%. Wait past FRA and the check grows **8% per year** until 70, guaranteed, on top of inflation adjustments.

- Claim at 62 — smaller check, more years of checks
- Claim at 70 — a check up to 77% larger than at 62
- Break-even typically lands in the early 80s — longevity, health, and a spouse's benefit all move it

This is a household decision, not an individual one — the larger earner's timing sets the survivor benefit.

IV

Spouses & survivors

Benefits you may not know you've earned.

A spouse can receive up to **50%** of the other's full benefit — even with little or no work record of their own. A widow or widower can step up to **100%** of a late spouse's check.

- Divorced after 10+ years of marriage? You may still qualify on an ex-spouse's record
- Survivor benefits can begin at 60 — earlier than retirement benefits
- Remarriage rules differ before and after 60 — timing matters

V

Medicare, part by part

Four letters, four different jobs.

- **Part A** — hospital insurance. Premium-free for most, after 40 quarters of work
- **Part B** — doctors and outpatient care. Monthly premium, income-adjusted
- **Part C** — Medicare Advantage: A + B (often + D) bundled through private plans
- **Part D** — prescription drug coverage. Skip it without other coverage and a lifelong penalty accrues

Original Medicare + Medigap, or Advantage — that's the real fork in the road, and it's hard to reverse later.

VI

Windows & coordination

The calendar does the deciding.

Your **Initial Enrollment Period** is seven months around your 65th birthday — three before, your birthday month, three after. Miss it without employer coverage and Part B costs 10% more, permanently, per year missed.

- Working past 65 with employer coverage? Special rules apply — confirm before declining Part B
- Drawing Social Security at 65 enrolls you in A & B automatically
- Medigap's guaranteed-issue window opens once — six months from Part B's start

Run it against your own numbers.

The rules are the same for everyone; the right claiming age never is. It turns on your health, your spouse, whether you are still working, and what else the household has to draw on. Bring those and we will run the comparison with you — no cost, no obligation.

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