

Life & Health Insurance Advisor



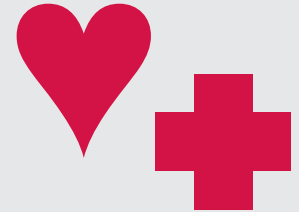
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Healthcare

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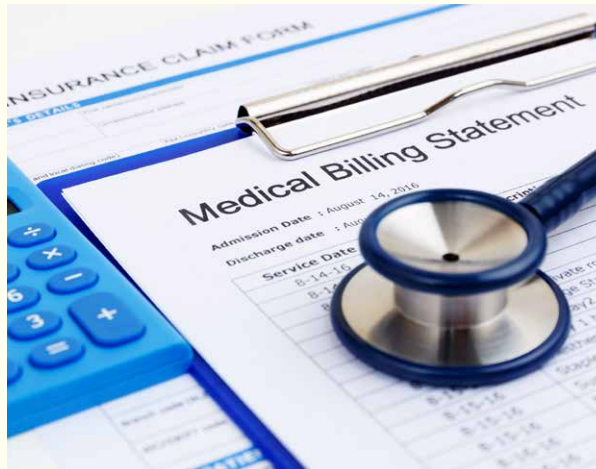
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What Replacing the Affordable Care Act Means — Pros and Cons

With the Trump Administration and Republican-controlled Congress working to replace the controversial Affordable Care Act (ACA) by 2018, there are plenty of opinions as to whether it's a good thing or not.

The ACA was passed in 2010 and took effect in 2014. It was designed as a way to ensure all Americans have access to quality, affordable healthcare by making health insurance mandatory. The plan featured Marketplace Exchanges where low-income people qualify for subsidies. It also expanded access to Medicaid; required insurance companies to make coverage available to everyone — even those with pre-existing conditions — and made free preventive services available to those who are covered. It's estimated that 20 million Americans now have insurance coverage because of the ACA.



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Social Security Earnings Test Limits Increased

If you receive Social Security benefits, are still working and have not reached full retirement age, you'll get a raise this year.

The federal government approved a cost of living increase on taxable maximum earnings. This means you can earn more before benefits are reduced.

The federal government determines how much you receive using the Social Security retirement earnings test:

- ✦ If you reach full retirement age after 2017, you can make \$16,920 — a 7.6 percent increase (from \$15,720 in 2016) before Social Security will withhold benefit dollars. After you earn \$16,920, Social

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However, not everyone, is excited about the ACA and many would like to see it repealed and replaced. Proponents of repeal believe the federal government shouldn't require individuals to purchase healthcare coverage. They are frustrated by the high premiums and high deductibles paid by those who can't qualify for subsidies.

Opponents of repeal are concerned it could mean severely reduced coverage to millions of Americans.

Trump's Plan

President Donald Trump has a seven-point plan. He and Trump Republicans in Congress are working on the details. Their basic plan has two main components — the full repeal of the ACA, and replacing it with several new policies, and turning Medicaid into a block grant program.

Pros and Cons

Experts differ on whether repeal would be a good or bad thing. Here are some predictions on what could happen to some of the key points of the Affordable Care Act:

✱ **Employer-sponsored Insurance** – Large companies would no longer be forced to provide health insurance to employees who work 30 or more hours. Although many people assume most employers would continue to do so since most people view coverage as a valuable benefit. There is concern that employees who work fewer than 30 hours a week will no longer be offered coverage. However, critics of the

ACA believe many employers have skirted the rule by requiring part-time workers to clock less than 30 hours a week.

✱ **Health Savings Accounts** – A Health Savings Account is a tax-free way to save money for healthcare expenses. Trump would like to expand access to this savings vehicle. As now structured, HSAs can only be used with high deductible plans, and the majority of people with insurance now do not have high deductible plans.

✱ **Interstate Insurance Sales** – Trump and Republicans want to remove barriers preventing insurance companies from selling policies across state lines. They believe it will spur competition and lower costs. Opponents believe it won't work because of the different regulations from state to state.

✱ **Medicaid Funding** – The ACA expanded coverage from low-income children, pregnant women, parents, the disabled and elderly to include low-income adults. Instead, Trump's healthcare plan would give each state a fixed amount of federal money in the form of a block grant to provide healthcare to low-income people on Medicaid. Opponents are worried that repealing the ACA and giving state governments responsibility for disbursing healthcare funds will leave millions of the poorest Americans without insurance.

✱ **Pre-existing Conditions** – The ACA prohibits insurance companies from denying coverage to anyone – including people who have pre-existing conditions. This provision is widely supported. The prob-

Security will withhold \$1 in benefits for every \$2 of earnings.

- ✱ **If you reach full retirement age during 2017, the exempt amount is \$44,880 — an increase of 7.2 percent (from \$41,880 in 2016). This higher exempt amount applies only to earnings made in months prior to the month you reach full retirement age. \$1 in benefits will be withheld for every \$3 of earnings in excess of \$44,880.**
- ✱ **If you have already attained full retirement (you're at least 66 years old), there is no earnings test and you can collect your full Social Security benefit.**

As a practical matter, if you earn more than the earnings test allows during 2017, your entire Social Security benefit can be wiped out. For example, say your benefit is \$1200 per month and you won't be older than 66 in 2017; if you earn \$3810 per month, your entire benefit will be withheld. Of course the earnings test does not apply if you're already fully retired (at least 66 years old).

Visit www.ssa.gov/oact/ProgData/nra.html to learn more.

lem is that in order to fund this feature nearly everyone who isn't covered by Medicaid or Medicare must buy insurance. But if the mandate to buy insurance is repealed, many people, including those most in need of it, will not buy insurance until they absolutely need it. This kind of behavior drives up costs for everyone.

- * **Prescription Drugs** – Under “Trumpcare,” people could possibly save by purchasing prescription drugs from other countries.
- * **Price Transparency** – Trump is calling for price transparency to make it easier for individuals to shop for the best and least expensive healthcare. Although it hasn’t been announced how that will be accomplished. Opponents say progress on transparency already has been made.
- * **Subsidies** – The ACA gives subsidies to people based on income. Trump’s plan currently is focusing on just giving subsidies based on age. Currently, 85 percent of people who sign up for coverage on the Marketplace qualify for subsidies.
- * **Tax Deductions** – Trump’s plan would allow people to deduct health insurance premiums from their taxes. Opponents say that tax deductions, combined with HSAs and high deductible health plans, would only apply to five percent of the 20 million Americans who have benefited from the ACA. ■

Don’t Be Unprepared for an Accident Waiting to Happen

Accidents happen, so you need to take precautions to minimize the financial consequences.

Accidental Death and Dismemberment Insurance (AD&D). AD&D is a low-cost rider you can attach to a life insurance policy. It pays benefits if the policyholder loses a body part or function (limbs, speech, eyesight or hearing) or suffers from permanent paralysis. It also pays beneficiaries both the AD&D benefit and the life insurance benefit if an accident causes death.

The important thing to remember about AD&D is that it is a limited policy, covering only specific injuries for a specific amount under certain circumstances.

Circumstances usually covered by AD&D include traffic accidents, homicide, falls, drowning, exposure to the elements and accidents involving heavy equipment. Excluded circumstances usually include injuries or death caused by acts of war, illegal activities, drug overdose, suicide, hazardous hobbies or professional sports.

An accident caused by an incident such as a stroke or heart attack would be excluded. So would an accident to a victim who later died from an infection contracted in a hospital.



It’s very important to read the policy closely before you buy to ensure you understand exactly what the coverage is. Some policies only pay death benefits if death occurs within 90 days of the accident. Other policies do not go into effect until 24 months after the policy is purchased. Additionally, the AD&D rider usually ends once the insured person turns 70 years old.

Some critics of AD&D insurance point out that accidental death and dismemberment rarely happens, and when it does, it can be covered by individual disability insurance. The best candidates for AD&D coverage usually are young people who work in dangerous jobs or travel frequently and don’t

have disability insurance.

Consider the following factors when making your decision to purchase AD&D insurance, particularly if you are employed in a dangerous occupation or travel frequently:

Dangerous Jobs

The federal government released its Jobs Related Report in 2016 listing the 10 most dangerous jobs. If your profession made the list, you'll want to take extra precautions to remain safe and consider the advantages of AD&D insurance.

For example, police officer and firefighter positions were ranked among the highest for injuries. Taxi drivers and heavy/tractor-trailer truck drivers made the list because of the high incidence of automobile accidents.

Nurse assistants are on the list because of their exposure to contagious patients. Emergency medical technicians are likewise on the list because of their exposure to both diseases and injury.

Other dangerous professions include construction workers, corrections officers, farmers and veterinarians. See the entire list at <http://www.careercast.com/jobs-rated/most-dangerous-jobs-2016>

Travel

While many travelers worry about terrorism or plane crashes, it's the common, everyday activities that can cause the most injuries.

For instance, going barefoot is a no-no. Always wear sandals to avoid stepping on glass. A cut on the foot can lead to an infection.

Motor-bikes are a popular way to explore a town, but not a safe one. Travel insurance poli-

cies won't cover motor-bike accidents. If you must ride a motor-bike, be sure to wear a helmet.

At Home and in Your Car

Staying home will not keep you safe, but there are precautions you can take to avoid accidental death or injury. Here are the top five causes of accidental death in the home:

- 1 Choking** is especially prone to affect children, who are most at risk due to choking on small pieces of food or small parts. Adults get in trouble when they are careless while eating.
- 2 Fires** can occur when least expected. Make sure you have fire extinguishers and smoke detectors on all floors. Blow out candles before leaving a room.
- 3** To prevent **slips and falls** be extra careful in the bathroom. Most bathroom falls happen because of wet floors. Install grab bars in showers and bathtubs. Put railings on stairways to avoid slips.
- 4 Poisoning** is often the result of a drug overdose – so read prescription medication directions carefully.
- 5 Motor vehicle accidents** are the leading cause of accidental death. You can improve your chances by not drinking and not using a phone when you drive. Also keep your eyes open for other drivers, particularly when walking.

Please contact us to find out more about AD&D insurance and whether it's the right choice for you. ■

Does Cancer Insurance Make Sense for You and Your Family?

One in two men in the United States have a chance of developing some type of cancer; women one in three, according to the American Cancer Society's Facts and Figures 2015 report.

You might wonder whether cancer insurance would be a wise purchase. Cancer insurance helps to reduce the cost of cancer treatment, which can be substantial, but provides limited coverage. The cost of medications alone can be prohibitive. The American Society of Clinical Oncology said that some therapies can cost as much as \$30,000 per month.

Cancer insurance, however, is supposed to supplement a good health insurance plan. It will only benefit you if it covers expenses your health insurance policy doesn't. But it won't cover all of your expenses.

Here are a few questions to ask before purchasing cancer coverage.

Q Do I need cancer insurance?

A It depends on your family health history. If you come from a long line of close relatives who've been diagnosed with cancer, cancer insurance can give you peace of mind.

However, if you're young and healthy with no family history of cancer you can probably skip it. To be on the safe side, it's always best to talk with your doctor about your medical history. Not all cancer insurance covers all cancers, so it's important to be aware of your specific risk factors.

You can purchase a policy to cover medical or non-medical costs.

Q Won't my health insurance plan cover cancer treatment costs?

A Most basic health insurance plans don't cover all cancer treatment costs.

Q What will a medical policy cover?

A It depends on the policy, but this type of coverage can include medical treatment, hospital stays, experimental treatments and visits to in- or out-of-network specialists and home healthcare. Remember that some policies only cover in-hospital care, not out-patient, which is how radiation treatment is delivered. Also, some plans don't cover skin cancer.

Q What does a non-medical policy cover?

A A lump sum payment is paid as soon as a diagnosis is made and can be used for any expenses incurred, such as child care for a spouse who has to go to work, living ex-



penses, dietary assistance, and travel and lodging for treatment away from home.

Q Is coverage expensive?

A Some plans have monthly premiums as low as \$20 to \$40 per month, which is lower than basic coverage premiums. The key, though, is to read the policy carefully before you sign to make sure you understand what you're purchasing and it's what you need.

Q Who qualifies for cancer coverage?

A Coverage is only available to those who have not been diagnosed or treated for certain kinds of cancer (usually internal) in the last three or five years—although some companies will turn you down if you've ever been treated or diagnosed. Some companies also consider you ineligible if you've been treated for health issues such as Hodgkin's disease, AIDS, AIDS Related Complex or if you've been tested positive for the Human Immunodeficiency Virus (HIV). Some employers offer cancer insurance and in some cases employees with a history of cancer are still

able to purchase coverage.

Q If I qualify, can I get immediate coverage?

A Many plans have waiting periods that can last weeks or months.

Q What are other options?

A Put more money to upgrading your basic health insurance plan. Critical illness insurance not only covers cancer, but also covers heart attacks, strokes, kidney failure, major organ transplants and ALS. These policies usually pay a lump sum after you've been diagnosed with one of these diseases.

If you're already enrolled in Medicare, you can purchase Medigap coverage, which can sometimes help cover any remaining costs. Another option is to save as much as possible to make sure you have money for emergencies.

Please contact us to learn more about whether cancer insurance is a good choice for you and your family. ■

Is a Variable Annuity With an Income Rider a Good Way to Save?

Those who have reached the contribution limit for their 401(k) plans and other tax-deferred investments often turn to a variable annuity with an income rider as a savings vehicle.

Basically, a variable annuity is an insurance policy that provides income during your retirement years and can potentially increase in value. You invest your money into various mutual fund accounts which are tax deferred. The variable annuity usually is subject to higher fees and expenses.

A variable annuity has several advantages:

- ✱ Your contributions and earnings grow tax-deferred until you withdraw funds.
- ✱ You can easily change your investments at little or no charge.
- ✱ The insurance company guarantees you an income for the rest of your life.
- ✱ Annuities are a shelter from creditors in some states – which can be an advantage if you are in a profession that is hazardous or highly subject to litigation (for example, physicians).

There are disadvantages, too, that you must consider:

- ✱ Once you decide on a variable annuity, you are locked into the contract.
- ✱ Money from the annuity can only be used as income and you cannot take funds out as a lump sum.



- ✱ If you die before you break even on the contract, the money remains with the insurance company unless you purchased an additional rider stating that the money also can be used as a death benefit.
- ✱ You cannot withdraw any of the funds until you are at least 59 and a half years old or pay a penalty to the government. Plus you'll pay higher taxes and a surrender charge to the insurance company.
- ✱ To get the full value from most variable annuities, you must live 30 years or more.
- ✱ If your insurer becomes insolvent and unable to pay, most states will only cover up to \$250,000 in annuity benefits. Check to be sure the insurance carrier's ratings are good before you buy.
- ✱ There are various fees to consider, such as sales commissions, annual fees and administrative charges.

For help understanding whether an annuity is right for you, please contact us. ■

