Life & Health Insurance Advisor

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# Never Outlive Your Savings with Longevity Annuities

**The Centers for Disease Control and Prevention estimates that the average 65-year-old will live at least another 20 years, which is six years more than what life expectancy was in 1950. While this is great news, it does present a financial challenge – how to ensure that your retirement savings will last a lifetime.**

Some seniors address the money issue by working past age 65 or delaying Social Security. Others are turning to longevity annuities.

A longevity annuity, also referred to as a deferred income annuity, is a contract between an individual and an annuity provider. The individual, upon payment of a lump sum, receives guaranteed monthly income for life. Payments usually start between ages 75 and 85.

Many retirement experts tout longevity annuities as one of the best financial deals for seniors who are worried about outliving their savings, but that doesn't mean longevity annuities are popular. According to LIMRA, an insurance industry group, deferred income annuities accounted for only $1.7 billion of the $219 billion in total annuity sales in 2020. In comparison, variable annuities accounted for almost $99 billion of sales last year.

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# Negotiate Those High Medical Bills!

**A 2021 Commonwealth Fund survey indicates that more than one-third of insured and half of uninsured adults reported a medical bill issue or were paying off health-care debt.**

**What many people don't know is that they often can negotiate bills with their health-care provider or hospital.**

**To negotiate a bill, first ask for an itemized invoice. Review the charges to see if there are errors, such as incorrect patient, provider or insurance information; incorrect codes for the procedures; or duplicate billing. Medliminal, a company that identifies medical billing errors, found that 25 percent of charges on bills it reviews are not billable.**

**You should also compare each**

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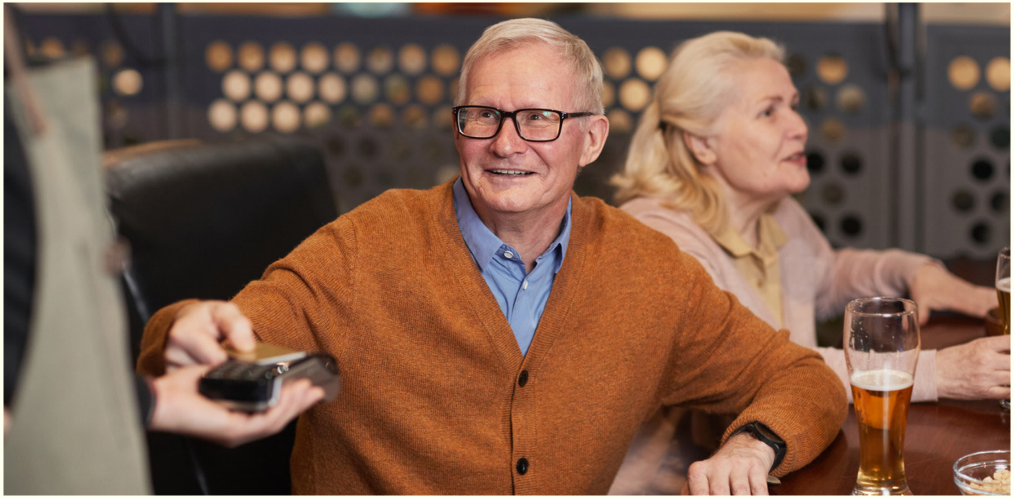

item to estimates from websites like Healthcare Bluebook or FAIR Health Consumer to see if the charges are reasonable.

Once you review your bills, check to see if there are other sources of payment. You may be eligible for Medicaid or subsidized insurance.

If you don't have insurance, your provider might offer a discount. Plus, federal law requires nonprofit hospitals to provide financial assistance for low-income patients.

Once you have your final, negotiated bill, you can request a reasonable monthly payment plan.

An important hurdle is that many investors are reluctant to hand over a large sum of money that may not pay any benefits if the policy holder doesn't live long enough. Many people prefer instead to retain control over their money by putting their money in other investments.

However, if an individual does live a long life, a longevity annuity can pay off handsomely.

## How it Works

First, determine how much income you will get from Social Security or retirement accounts. Then look at your expenses and estimate how much more you think you will need to live comfortably starting at, say, age 85. For instance, if you think you'll need $50,000 a year and know you will get $30,000 a year from Social Security, you'll need $20,000 a year from the annuity.

Of course, determining how you much will need to live on two decades from now is easier said than done.

If you decide a longevity annuity would make a good addition to your retirement planning, you will purchase it with a one-time lump-sum premium. The payouts usually are deferred as least two years after the annuity is purchased. The insurance company invests the initial investment money on your behalf, therefore the longer you delay your payouts, the greater the size of the payouts.

For example, a 65-year-old man may decide to buy an annuity for $100,000 in order to receive a $500 per month payment immediately. But if he waits 20 years, he will receive $2,800 a month.

If you don't have enough savings, you can use up to $135,000 or 25 percent (whichever is less) of your retirement funds to buy a qualified longevity annuity contract (QLAC).

Besides a life-only policy, where payments stop at death, you also can purchase a longevity annuity with refund options, which include:

- Life with Refund at Death: Pays beneficiaries the difference between the initial premium investment and the sum of all payments already received upon your death.
- Life with Period Certain: Upon your death, your beneficiaries receive the remaining payments if you pass away during a certain period (for example, during the third year of a 10-year certain annuity).

Be sure to look at the credit rating of the insurers you're considering. The stronger an insurer's financial rating, the greater the likelihood the company will stay in business long term and be able to make payments when you're ready to start receiving them. It might even be worthwhile to get smaller payments from a higher-rated company.

# Lose Weight to Save On Insurance

## If you are already finding it hard to keep your New Year's promise to lose weight this year, maybe this will inspire you.

Your weight affects how much you'll pay for health and life insurance. Insurance companies look at your body mass index (BMI) – your height-to-weight ratio – to determine your overall health and how much you should pay for coverage. And, while losing weight will help you get lower premiums, there's more to lowering your insurance rates than just losing weight.

### Act Now

Don't put off buying insurance until you lose weight. Here's why:

- Life insurance: Even if you have to pay slightly higher premiums, get coverage now so you don't leave your loved ones without financial protection if you die unexpectedly.
- Health insurance: A good policy often helps keep medical bill costs from getting out of control should you need treatment.

In a year or two, when you've dropped those extra pounds, ask the insurance company to reconsider your health classification so that you can get those lower premiums. Here's how the process works:

### Submit an application

Once you've lost the weight submit an application to have your current premium reconsidered. Work with an independent insurance broker to help you find the most affordable policy.

The application process determines your risk of mortality and includes an interview, medical exam and a review of your BMI. The cost of life insurance is based on the likelihood you'll pass away during the time the policy is in effect. Therefore, if you're young and healthy, you'll pay less than someone who has serious medical problems.

Health insurance companies also charge overweight and obese people more to compensate for higher costs. *USA Today* reported that it costs about $1,400 more annually to treat an average obese patient than someone with a healthy weight. For instance, if your body mass index is more than 30, you will probably pay as much as 25 percent more for health insurance, and if your BMI is more than 39, you probably will pay 50 percent more. This is how losing weight can help you substantially on premiums.

### Show That You're Healthy

An insurer is interested in knowing if you lost the weight in a

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healthy way. If you lost ten pounds or more due to an illness, depression or because you are elderly, the insurer may decline or postpone your application.

To determine just how healthy you are, you may be asked to undergo a medical exam or permit a review of your medical records.

### Show You Can Keep It Off

An insurer also wants to know when you lost weight and whether you can keep it off. You should wait a year or more before applying for reconsideration or for requesting a new policy. If you lose weight less than a year before applying for a policy, insurers will only count 50 percent of the weight you lost. For instance, if you weighed 300 pounds and lost 100 pounds in just a few months, you'll be rated as someone who weighs 250 pounds rather than 200.

The same guidelines apply if you have a procedure like gastric bypass surgery. Due to the health risks associated with gastric bypass, you will be declined coverage for the first six to 12 months. Even a few years after the procedure, you may still receive a less favorable classification than someone who lost weight without surgery.

Call us and let us help you with the process.

# Not Getting Vaxxed? Here's What To Do if You Lose Your Job

**As we enter year three of the COVID-19 pandemic, experts are still encouraging people to get the Pfizer-BioNTech and Moderna COVID-19 vaccine and booster shots because they lessen the possibility of needing hospitalization if they get infected with the virus.**

Federal law allows employers to require employees to be vaccinated during a pandemic if they feel it's necessary for the operation of their business. The Biden administration wanted to make vaccinations compulsory for employers with more than 100 employees through regulations by OSHA and by withholding federal funding from health care facilities that receive Medicare and Medicaid payments.

However, on January 13th, the Supreme Court ruled against OSHA, saying that the rule would be "overreach," though the Court affirmed the withholding of Medicare and Medicaid payments from health care facilities that do not comply with vaccination mandates.

Here's a brief history of the struggle to impose a federal mandate:

- In September 2021 and again in November 2021 President Joe Biden issued a vaccine and testing mandate requiring health care workers at federally funded Medicaid and Medicare facilities, as well as companies with 100 or more employees, to require all employees to either get fully vaccinated or provide negative COVID-19 test results weekly. The White House says the two mandates cover about two-thirds of all U.S. workers.
- The U.S. Court of Appeals for the Fifth Circuit granted a temporary stay against the rule in November 2021 because the "petitions give cause to believe there are grave statutory and constitutional issues with the Mandate."
- The Sixth Circuit reversed the decision in December 2021. The judges said that the mandate was necessary to reduce the number of hospitalizations. Because of this decision, the mandate was set to take effect Jan. 10, 2022.
- On Jan. 13, 2022, The six conservative justices on the Supreme Court ruled that OSHA had exceed its authority in making the rule, with the three liberal justices dissenting. With respect to upholding the requirement for health care facilities, Justices Roberts and Kavanaugh sided with the liberal justices in the 5-4 decision.

Regardless of the Supreme Court's decision, an employer still can require employees to get vaccinated. The federal Equal Employment Op-

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portunity Commission has ruled that employees can be barred from the workplace if they refuse the vaccine, although there are some exceptions.

If you've decided to not comply with your employer's COVID vaccine requirement and are in jeopardy of losing your job, you'll want to figure out how to replace your health insurance.

## Your Options for Staying

You must have a condition recognized by the Americans with Disabilities Act to be exempt from taking the coronavirus vaccine. If you do, you may be able to ask your employer to make a reasonable accommodation that allows you to work remotely or take a leave of absence. You also might be allowed to take a weekly COVID-19 test showing a negative result — although you might have to pay for the tests yourself.

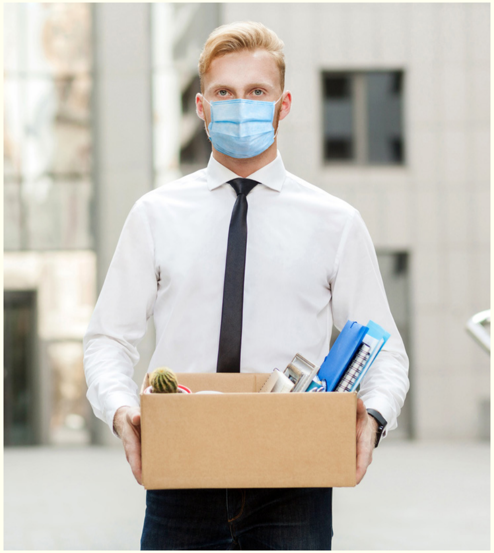
Keep in mind that some companies are raising health care insurance premiums for the unvaccinated.

If none of these scenarios fit your situation, your employer has the right to terminate your employment.

## Your Options if You are Fired

You have a few options if you are fired and need to find health insurance, which are the same options you might have if you lost your job for any other reason.

- Spouse's employer plan: Check to see if you can get on your spouse's plan. Enrollment in a workplace health plan happens during the annual open-enrollment period, but losing a job also qualifies as long you request special enrollment within 30 days from the loss of your job-based coverage.
- COBRA: The Consolidated Omnibus Budget Reconciliation Act allows those who lose their jobs to continue their workplace coverage for up to 18 months. The downside is that the coverage will be much more expensive than it was while you were employed since you will have to pay the employer-sponsored portion. However, COBRA isn't available to private-sector businesses with fewer than 20 employees — but you should check your local employment department to see if your state offers similar coverage at the state level.
- Affordable Care Act Plan (ACA): You can qualify for a special enrollment in an Affordable Care Act marketplace plan at healthcare.gov. You must choose a plan within 60 days of losing workplace coverage, and depending on your household income, you might qualify for subsidized coverage.
- Medicaid: This is a free or low-cost public health program for low-income Americans. Eligibility is based on total household income. To find out if you qualify, apply through healthcare.gov, the same as for the ACA marketplace plan.
- Short-Term Health Plans and Health-Sharing Ministries: These plans have inexpensive monthly premiums, but don't offer comprehensive protection (such as maternity care and mental health services).

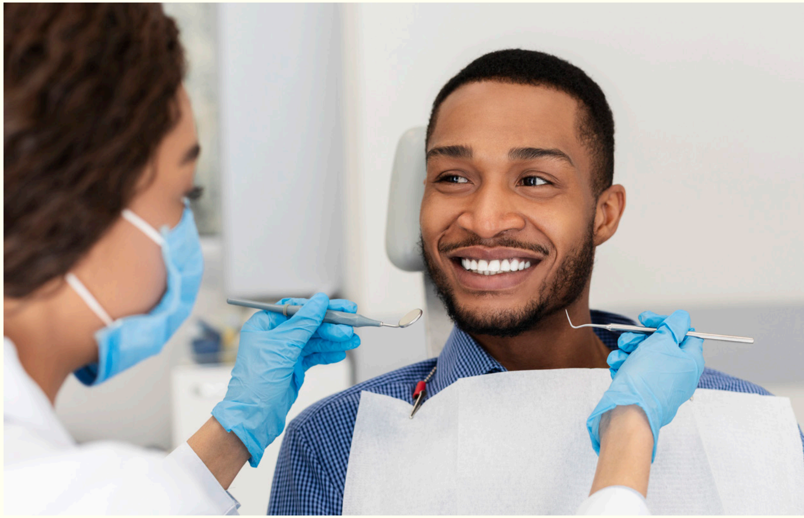


## Unemployment Benefits

Most likely you can't collect unemployment benefits if you don't want to be vaccinated and don't have a valid religious or disability exemption.

Workers qualify for unemployment benefits in cases of "eligible job separation." What this means exactly depends on how your state defines it. Employees generally can collect benefits after they are laid off, quit a job for "good cause," or get fired for a reason other than "misconduct." Refusal to comply with a mandate generally is not viewed as "misconduct."

# Options If You Don't Have Dental Insurance



The Centers for Disease Control and Prevention, the U.S. national public health agency, estimates that more than a third of all Americans haven't visited a dentist in the last year. While some Americans admit they skip going to the dentist because they're afraid, most say it's lack of funds or dental insurance that keeps them from making an appointment.

Putting off an appointment can cost you a lot more money later as a dental condition gets worse. Fortunately, you have several options for affordable care:

## Dental School

The cost of getting care from a dental student is a fraction of what you'd pay to see a dentist who graduated from a similar program. Licensed professors oversee each stage of dental work completed at their school and many of these programs offer cutting-edge technology and clinical trials. To find a dental school, call your local dental school or contact the American Dental Association.

The downside is that the average visit is usually three times longer than getting a procedure done at a licensed dentist's office.

## Dental Clinic

There are dental clinics run by charities, faith-based organizations, United Way and health centers. Patients are billed according to what they can afford, and the clinics typically feature excellent licensed dentists who donate their time. Procedures are usually done more quickly at these clinics since the dentists here have more experience.

The only problem is that it's often difficult to get enrolled into these programs and waiting periods can be long.

## Current Benefits

You may qualify for dental benefits if you have Medicaid, or your children have qualified for the Children's Health Insurance Program.

While health insurance usually doesn't cover routine dental care, it does usually cover dental treatments and procedures that are medically necessary to stay well, including surgeries that involve correction of facial deformities or treatment of jaw disorders.