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# Medicare planning workbook

## Your guide to Medicare

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This material is being provided to help explain Medicare in an easy-to-read format. It's for educational purposes only and is not intended to be used to promote the purchase of Transamerica's Medicare Supplement Insurance (Medigap) or Medicare Part D coverage.

# 8 things to know about Medicare

## 1. It doesn't cover everything.

Most long-term care isn't covered, and Medicare may require you to pay a deductible and/or a share of costs for some services.

## 2. If you enroll on time, you can avoid expensive penalties.

In general, be sure to sign up in the seven-month period that opens three months before the month you turn 65 and closes three months after that or during your special election period if you work past the age of 65.

## 3. If you're waiting until after 65 to take Social Security benefits, remember to still enroll for the parts of Medicare that you may want.

That way you can avoid penalties.

## 4. By managing your taxable income in retirement, you can control your Medicare premiums.

Why pay more?

## 5. Your coverage

Remember to check whether coverage extends beyond your local area. That way there won't be any surprises if you need healthcare while traveling.

## 6. HSA and Medicare

If you have a health savings account (HSA), Medicare says to stop contributing to it at least six months before applying for Medicare to avoid tax penalties. However, you can still use HSA money to pay Medicare Part B and D premiums.

## 7. If you're unhappy with your coverage, you can shop around and switch during annual open enrollment periods.

You don't always have to keep the coverage you have if it doesn't meet your needs.

## 8. Medigap changes

Note that Medigap plans C and F will no longer be available to purchase by people who become newly-eligible for Medicare on or after January 1, 2020.\*

**This workbook is designed to help explain some of the ins and outs of Medicare in an easy-to-read way. No one should be using this to try to sell you any specific insurance product.**

\*"Compare Medigap Plan Benefits," Medicare.gov, accessed November 2024

# Questions to consider before turning 65

## As you prepare for medical expenses later in life, you may want to consider these questions:

- Will you continue to work and be covered by your employer’s healthcare plan?
- Is your spouse working? If so, will both of you be covered under his/her employer’s health plan?
- Have you talked to your employer’s human resources representative to confirm how employee insurance works after age 65? For some small employers, Medicare is the primary insurer for workers 65 and older.
- What are your estimated costs for the Medicare coverage you’ve chosen? (We can help you get a rough estimate later in this booklet.)
- If your spouse is younger than 65, how will he or she be covered for healthcare? If you have dependents, how will they be covered?
- Do you know when you need to sign up? See the graphic below:



This is your personal initial enrollment window to sign up for Medicare to avoid penalties.

If you’re older than 65 but have health coverage under a group health plan through your job or another provider, you also can sign up penalty-free during the eight months that begin the month after your employment ends or the related group health coverage ends, whichever happens first.

Early enrollment can ensure you have no gaps in coverage.

# What to ask when choosing health coverage

When you're choosing coverage, you'll want to know the basics, like how much you'll have to pay.

Here are some costs to keep in mind:

## **Premium**

Amount you regularly pay throughout the year for coverage

## **Deductible**

The amount of costs you pay out of pocket before coverage kicks in

## **Co-pay/co-insurance**

Your share of costs on an individual medical bill

## Here are some questions you might want to consider when buying health insurance in general:

- Which doctors or medical providers can I use under this policy? Will I be able to use my current doctor?
- Are prescription drugs covered? What about vision and dental care? How about hearing coverage?
- Will conditions that are important to me (physical therapy, psychiatric care, nursing home care, for example) be covered?
- What are the specific items and services the policy covers? What specifically won't it cover?
- Will I be covered if I travel to a different state or country?
- How can I renew or cancel the policy?
- Are there any exceptions or limits on the policy paying for all of my medical care?
- Do I need to get prior approval or fulfill some other requirement before I can receive coverage for a certain procedure, such as seeing a specialist?
- What is the process for handling disputes over claims? How can I challenge a denial of coverage for a certain service?



# 2025 healthcare costs at a glance

## Estimating your healthcare costs will give you a good start as you prepare to enroll in Medicare.

Costs will vary depending on your health, choices for coverage, and your state or region. We've put together this helpful worksheet to help you better visualize possible Medicare costs for 2025.



### If you choose Original Medicare:

#### 1. Add potential costs for Part A, which covers hospital care:

- a. Have you (or your spouse) paid at least 10 years of Medicare taxes over the years, perhaps through paycheck deductions via your employer(s)?

If yes, enter \$0.

\$ \_\_\_\_\_

If no, add the potential cost of up to \$6,216.\*

- b. Do you owe a penalty for not signing up for Part A when you were first eligible? There may be a 10% surcharge on your monthly premium for the first few years of coverage, unless you signed up during a special enrollment period (for example, if you were still working past age 65).

If you owe the penalty, enter 10% of Line 1a here:

\$ \_\_\_\_\_

**Add lines 1a and 1b =**

**\$ \_\_\_\_\_**

#### Other potential Part A costs:

- c. Deductible for inpatient hospital stays for each benefit period, keeping in mind there can be several benefit periods per year if more than 60 days pass between stays. In 2025, the deductible is \$1,676 for each benefit period.\*

\$ \_\_\_\_\_

- d. Co-insurance of \$419 per day in 2025 for days 61–90 of a longer hospital stay.\*

\$ \_\_\_\_\_

- e. Co-insurance of \$838 per day in 2025 after day 90 of your hospital stay for each benefit period.\*

\$ \_\_\_\_\_

Note: When you stay longer than 90 days in a single hospital stay, those extra days count toward your “lifetime reserve days,” of which you get up to 60 during your lifetime. You’re responsible for all costs of extra days of that hospital stay if you go beyond the lifetime reserve days.\* If your stay is in a skilled nursing facility, there is co-insurance for days 21–100 of your stay of \$209.50 per day per benefit period in 2025.\*

\* "2025 Medicare Parts A & B Premiums and Deductibles," CMS.gov, November 2024

2. Add potential costs for Part B (which usually come out of your Social Security benefits) for doctor services, outpatient care, medical supplies, and preventive care:

- a. If any of the following apply to you, use the chart below to find your monthly premium: You're a new enrollee for 2025, you don't get Social Security benefits, you have both Medicare and Medicaid with Medicaid paying your premiums, or you are considered a high-income earner. The income to use here is your modified adjusted gross income (MAGI) that was reported on your IRS tax return from two years ago. (Depending on income and the Social Security cost-of-living adjustment, some already enrolled in Medicare will pay a smaller premium.)

**Finding your Part B premium**

If your MAGI for 2023 was (as you reported on the tax return you filed in 2024)			You Pay MONTHLY in 2025
File individual tax return	File joint tax return	File married & separate return	
\$106,000 or less	\$212,000 or less	\$106,000 or less	\$185.00
above \$106,000 up to \$133,000	above \$212,000 up to \$266,000	Not applicable	\$259.00
above \$133,000 up to \$167,000	above \$266,000 up to \$334,000	Not applicable	\$370.00
above \$167,000 up to \$200,000	above \$334,000 up to \$400,000	Not applicable	\$480.90
above \$200,000 and less than \$500,000	above \$400,000 and less than \$750,000	above \$106,000 and less than \$394,000	\$591.90
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$628.90

Monthly premium x 12 = \$ \_\_\_\_\_

b. Add the deductible for 2025 of \$257.<sup>1</sup> \$ \_\_\_\_\_

c. Do you owe a penalty for signing up late for Part B? If so, your monthly premium could rise by 10% per 12-month period that you were eligible to sign up but didn't (unless you qualify for an exception that lets you sign up during a special enrollment period). \$ \_\_\_\_\_

**Add lines 2a through 2c = \$ \_\_\_\_\_**

Note: (You also may owe 20% of the cost of certain services or medical equipment.)

3. a. If you want to buy a Medicare Supplement Insurance (Medigap) policy to help with out-of-pocket expenses that Original Medicare doesn't cover, make sure to budget for that. Premiums can vary widely depending on your policy or coverage, plus factors including your age, where you live, medical underwriting, and discounts. Note that Medigap plans C and F will no longer be available to purchase by people who become newly-eligible for Medicare on or after January 1, 2020.<sup>2</sup> \$ \_\_\_\_\_

<sup>1</sup> "2025 Medicare Parts A & B Premiums and Deductibles," CMS.gov, November 2024

<sup>2</sup> "Compare Medigap Plan Benefits," Medicare.gov, accessed November 2024

b. Enter the deductible for the Medigap plan (some plans have no deductible) or \$0 if you don't want a Medigap plan. If you choose a high deductible Medigap plan, enter \$2,870<sup>1</sup> (deductibles for 2025 may be as high as this amount).

\$ \_\_\_\_\_

**Add lines 3a and 3b =** \$ \_\_\_\_\_

**4. Add potential costs for Part D prescription drug coverage.**

a. Use the chart below to fill in your monthly premium (although it varies by plan, the average national premium is \$46.50).<sup>2</sup>

**Finding your Part D premium<sup>3</sup>**

If your MAGI for 2023 was (as you reported on the tax return you filed in 2024)			You Pay MONTHLY in 2025
File individual tax return	File joint tax return	File married & separate return	Your plan premium
\$106,000 or less	\$212,000 or less	\$106,000 or less	Your Part D premium
above \$106,000 up to \$133,000	above \$212,000 up to \$266,000	Not applicable	\$13.70 <sup>3</sup> + Your Part D premium
above \$133,000 up to \$167,000	above \$266,000 up to \$334,000	Not applicable	\$35.30 <sup>3</sup> + Your Part D premium
above \$167,000 up to \$200,000	above \$334,000 up to \$400,000	Not applicable	\$57.00 <sup>3</sup> + Your Part D premium
above \$200,000 and less than \$500,000	above \$400,000 and less than \$750,000	above \$106,000 and less than \$394,000	\$78.60 <sup>3</sup> + Your Part D premium
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$85.80 <sup>3</sup> + Your Part D premium

Monthly premium x 12 = \$ \_\_\_\_\_

b. Do you owe a penalty for enrolling late in Part D?

If no, enter \$0.

If yes, Medicare calculates the penalty by multiplying 1% of the "national base beneficiary premium" (\$36.78 in 2025)<sup>4</sup> times the number of full, uncovered months you didn't have Part D or creditable coverage. The monthly premium is rounded to the nearest \$.10 and added to your monthly Part D premium.

\$ \_\_\_\_\_

**Add lines 4a and 4b =** \$ \_\_\_\_\_

Now add the totals of each amount highlighted in green. This is a very rough estimate of what you might pay each year with Original Medicare (Parts A and B) with optional Medicare Supplement Insurance and Medicare Part D coverage.

**GRAND TOTAL =** \$ \_\_\_\_\_

<sup>1</sup> "F, G & J Deductible Announcements," CMS.gov, October 2024

<sup>2</sup> "Medicare Advantage and Medicare Prescription Drug Programs to Remain Stable as CMS Implements Improvements to the Programs in 2025," CMS.org, September 2024

<sup>3</sup> "2025 Medicare Parts A & B Premiums and Deductibles," CMS.org, November 2024

<sup>4</sup> "CMS Releases 2025 Projected Medicare Part D Premium and Bid Information," CMS.gov, July 2024

### If you choose Medicare Advantage (Part C):

Costs for Medicare Advantage could be close to what you would pay under Original Medicare, but that will depend on several factors, including your policy's deductibles, co-pays, co-insurance, premiums, and whether it pays any of your monthly Part B premium.

The Centers for Medicare & Medicaid Services states that the average premium for Medicare Advantage plans are expected to decrease in 2025 to \$17.00 per month, down \$1.23 from 2024.\*

Monthly premium (on average, \$17.00) x 12\* = \$ \_\_\_\_\_

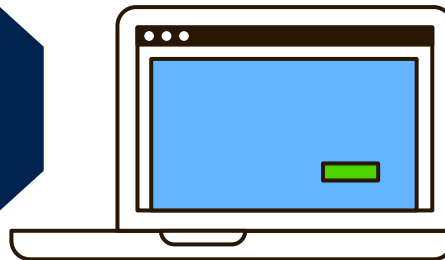
Out-of-pocket costs = \$ \_\_\_\_\_

GRAND TOTAL = \$ \_\_\_\_\_

### New rule in 2025:

With the passing of the Inflation Reduction Act, starting in 2025, individual out-of-pocket spending for covered Part D drugs will be capped at \$2,000, meaning that beneficiaries will have no cost sharing above that amount.\*

Learn more online  
at [medicare.gov](https://www.medicare.gov)



## Make the most of Medicare

To learn more about Transamerica's Guide to Medicare series and to get support materials:

 Contact your financial professional

\* "Medicare Advantage and Medicare Prescription Drug Programs to Remain Stable in 2025," CMS.gov, September 2024

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