Q&A with a Financial Planner on Retirement and Medicare Matters

Description

Medicare and retirement are intertwined in many ways. Our agency specializes exclusively in Medicare and Medicare plans and does not deal with financial planning directly, so we decided to get the first-hand thoughts of a financial planner. We interviewed Nicholas Pino, CFPÂ®, AIFÂ®, of Capital Financial Solutions, LLC. Our question and answer session with him follows:

65Medicare: How has the lack of adequate health insurance impacted your clients?

Nicholas Pino, CFPÂ®, AIFÂ®: Itâ??s certainly a challenge, especially for clients who arenâ??t part of a group plan. They are basically out on their own. Even if they have a reasonable income, with Obama care it could be very expensive. Thatâ??s why alternative type health insurance protection has become popular. Organizations such as Medi-Share â?? a Christian community committed to sharing one anotherâ??s medical bills by paying a premium each month based on age. They call this an annual household portion. Some people will even delay their retirement to continue working so they can generate more income for their retirement. However, I think the trend is that the general public is moving towards a catastrophic type coverage â?? lower premiums and higher deductibles.

65Medicare: What do you know about Medigap plans/Medicare as it relates to your clientsâ?? retirement?

Nicholas Pino, CFPÂ®, AIFÂ®: Yes, I have a general idea and the importance of it. The more health coverage a client has the less they have to dig into their retirement funds. Original Medicare doesnâ??t pay everything and it is wise if they have a Medicare Supplement to fill in the gaps.

65Medicare: How do you prepare your older clients for their retirement years?

Nicholas Pino, CFPÂ®, AIFÂ®: During the â??accumulationâ?• years, I use a disciplined investment approach. In other words, I advise my clients that they should have an adequate amount of funds put aside each year towards their retirement, including IRA contributions. The bottom line, is to get them to put away as much as they possibly can. During the â??decumulationâ?• stage â?? 5 to 10 years before retirement, I use the bucket strategy approach with different strategies, to ensure my clientsâ?? ability to keep paying their bills.

65Medicare: How has Social Security benefits and living on a fixed income impacted your clients?

Nicholas Pino, CFPÂ®, AIFÂ®: In a perfect world, clients arenâ??t impacted at all if you do the proper planning. When they transition into a fixed income lifestyle, they need to be aware that their income could drop at any time. Most peopleâ??s lives donâ??t change that much. When they reach retirement age, many are not having to save for retirement anymore and their taxes are less. In addition, their homes might be paid off and they are mortgage free. In actuality, they might not even notice any changes whatsoever compared to their living situation before they retired.

65Medicare: What suggestions do you have for maintaining a similar lifestyle as they were used to before their retirement?

Nicholas Pino, CFPÂ®, AIFÂ®: Unless they have drastically changed their lifestyle, there will be no apparent change. As I mentioned above, maybe theyâ??ve paid off their mortgage, or their cars are paid off. If they maintain a good budget early on in their retirement planning, they will continue to enjoy their steak dinner every Friday night! Being able to track their expenses will help in supporting their lifestyle.

65Medicare: What is your opinion about clients incorporating long-term care policies into their retirement planning?

Nicholas Pino, CFPÂ®, AIFÂ®: I think itâ??s a good idea. However, more recently, the trend has been combine the long-term care policy into an insurance policy as a rider for long-term care benefits. If my clients are on a budget, doing it this way would be more advantageous as they wouldnâ??t have two separate premiums to pay, only the life insurance.

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1. Uncategorized

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