



THEOREM
WEALTH MANAGEMENT

Navigating Medicare

Your guide to understanding medicare

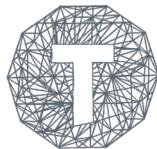
Navigating Medicare

One of the most important parts of planning for retirement is accounting for health care costs. Health care costs are one of the largest expenses' individuals face in retirement. Planning must start with understanding and our goal is to make Medicare easy to understand.

*A 65-year-old retired couple
may need*

\$295,000

*To cover health care expenses in retirement**



T H E O R E M
WEALTH MANAGEMENT

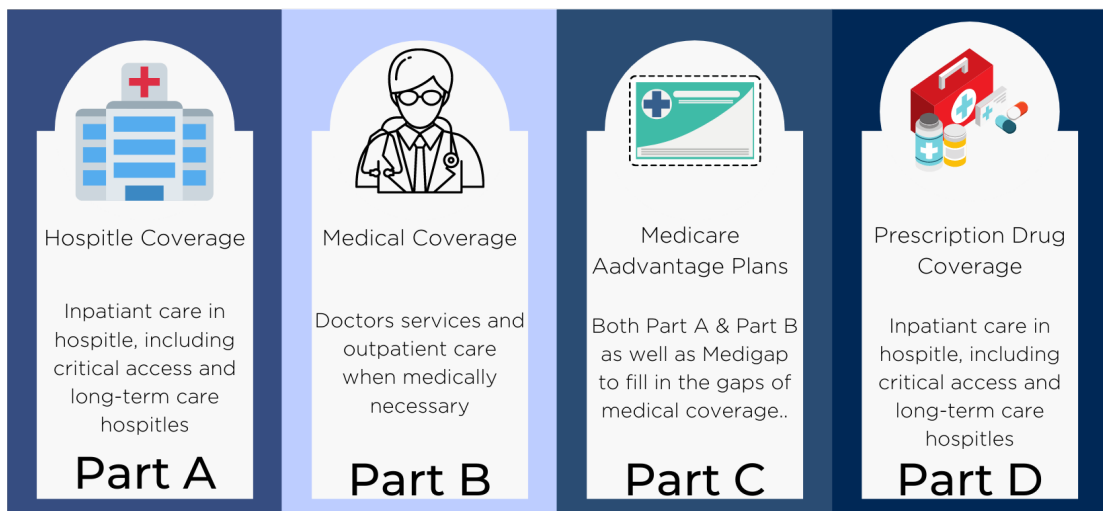


AN INTRODUCTION TO MEDICARE

Medicare is the federal health insurance program for adults 65 and older and people with certain disabilities. It is important to understand the different aspects of Medicare when planning for your retirement.

There are four parts of Medicare plus Medigap, with each part covering different health care costs.

- **Medicare Part A (Hospital Insurance)**
Part A covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care.
- **Medicare Part B (Medical Insurance)**
Part B covers certain doctors' services, outpatient care, medical supplies, and preventive services.
- **Medicare Part C (Medicare Advantage)**
Part C is provided by private insurance companies. It covers both Part A & Part B benefits (Sometimes Part C also comes with prescriptions, dental, and vision)
- **Medicare Part D (prescription drug coverage)**
Helps cover the cost of prescription drugs (including many recommended shots or vaccines).
- **Medigap**
Medigap is to supplement Medicare part A & B by filling in the gaps of coverage. Some of these supplemental plans are dental & vision.



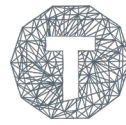
*Source: <https://www.medicare.gov/>



COMPARING COVERAGES

	What It's Called	What's Covered	What You Pay
OPTION 1	Part A Hospital Insurance	<ul style="list-style-type: none"> > Hospital care > Skilled care coverage for 100 days following a three-night admittance to a hospital > Hospice > Home care coverage only when certified by a physician, because Medicare typically will not cover the expense of long-term care 	Each benefit period: > Monthly premium: \$0 > Deductible: \$1,484 > Co-insurance: <ul style="list-style-type: none"> • Days 1 – 60: \$0 • Days 61 – 90: \$371 • Days 91 – 150: \$742 co-insurance per each lifetime reserve day (up to 60 lifetime reserve days, after which you are responsible for all costs)
	Part B Medical Insurance	<ul style="list-style-type: none"> > Doctor and physician services > Preventive benefits > Durable medical equipment > Outpatient services 	> Monthly premium: The standard Part B premium amount is \$148.50 or higher depending on income > Yearly deductible: \$203 > Co-insurance: 20% on doctors' services and outpatient care
OPTION 1 ADDITIONS	Part D Prescription drug coverage > Stand-alone Prescription Drug Plans (PDPs)	<ul style="list-style-type: none"> > Covered drugs vary by plan 	> Monthly premium: Varies by plan > Co-pay: 25% or flat co-pay amounts based on formulary > Coverage gap: In 2021, the coverage gap begins once an individual has spent \$4,130 on covered drugs, after which they pay 25% of the cost on brand name medications and 25% of the cost on generic medications > Catastrophic coverage is reached after \$6,550 is spent out of pocket: This assures you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year.
	Medigap Supplemental Insurance	Pays out-of-pocket costs for Parts A and B on Medicare-approved services	Costs and coverages vary by plan
	Part C Medicare Advantage	<ul style="list-style-type: none"> > Covers the services that Original Medicare covers, except hospice care > May cover hearing, dental and vision treatment > May cover prescription drugs 	Costs vary by plan; visit Medicare.gov or call the plan(s) you're interested in for more details <i>Each year, plans establish the amount they charge for premiums, deductibles and services. The plan (rather than Medicare) decides how much you pay for the covered services. What you pay the plan may change only once a year on January 1</i>
OPTION 2			

Source: Medicare.gov. Numbers reflect 2021 rates



HOW TO ENROLL IN MEDICARE

Some people are automatically enrolled in Medicare, at the beginning of the month they turn 65.

- Those who do not automatically get enrolled might fall under these categories.
- Still working
- Not yet collecting Social Security Benefits
- Not yet getting Railroad Retirement Board Benefits

There are specific times of the year when you can sign up or change how you get your coverage.

- 3 months prior to your 65th birthday month
- Month of your 65th birthday
- 3 months after your 65th birthday

7-month Initial Enrollment Period

3 months **BEFORE** the month
you turn 65

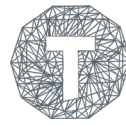


3 months **AFTER** the month
you turn 65



Late enrollment penalty

- If you do not enroll when you are first eligible, you may have to pay a permanent lifelong penalty.



2021 IRMAA BRACKETS

If your income in 2019 was		You pay (in 2021)	
Individual MAGI	Couples MAGI	Part B	Part D
< \$88k	< \$176k	\$148.50	Premium (varies)
\$88k - \$111k	\$176k - \$222k	\$207.90 (40%)	Premium + \$12.30
\$111k - \$138k	\$222k - \$276k	\$297.00 (100%)	Premium + \$31.80
\$138k - \$165k	\$276k - \$330k	\$386.1 (160%)	Premium + \$51.20
\$165k - \$500k	\$330k - \$750k	\$475.20 (220%)	Premium + \$70.70
> \$500k	> \$750k	\$504.90 (240%)	Premium + \$77.10

*Source: Medicare.gov

WHAT IS IRMAA?

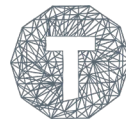
IRMAA is the Medicare Income-Related Monthly Adjustment Amount. These are used to adjust Medicare Part B and Part D prescription drug coverage premiums based upon the household's MAGI.

WHAT IS MAGI?

MAGI is the household's adjusted gross income with any tax-exempt interest income and certain deductions added back.

CHANGES IN INCOME

Events that qualify as justification for reducing or eliminating the IRMAAs include marriage, death of a spouse, divorce, loss of pension or the fact that you stopped working or reduced your hours. If your income has changed and is not reflected in a tax return yet, you can ask the Social Security Administration to reconsider.



THEOREM WEALTH MANAGEMENT CAN HELP

BUILDING YOUR RETIREMENT PLAN

There is not a one size fits all solution to retirement. Every person has unique goals and circumstances. Our firm can help determine if you are on track to your individual goals while making sure we account for things like the rising cost of health care.

FIDUCIARY STANDARD OF CARE

At Theorem Wealth Management, we are an independent firm committed to helping you reach your goals through conflict free advice. We are a fiduciary, bound by law to put our clients' best interests above all else.

A TAILORED APPROACH

We do not believe in a one size fits all approach. We create a personalized financial plan tailored to your unique goals.

BEST IN CLASS

Our CEO, Johnathan Rankin was named a Forbes Best-in-State Next Generation Wealth Advisor*, an accolade that represents both quantitative and qualitative achievements in his work within the wealth services field. The ranking is designed to help families identify local professionals who deliver an exceptional level of comprehensive service and expertise.

We believe Theorem Wealth Management can help you reduce the stress of financial management and the major decisions that need to be made when investing.

A second set of eyes on your financial future is always a good idea. If you want an experienced financial professional to review your portfolio and financial goals, we urge you to call us at 214-838-1040 or email us at Retire@theoremwm.com for a complimentary retirement analysis.

We look forward to hearing from you.

*Source: Forbes "Best-in-State Next-Generation Wealth Advisors" list, September 4, 2019. Forbes "Best-in-State Next-Generation Wealth Advisors" list was developed by SHOOK Research. Advisors considered for this ranking were born in 1980 or later with a minimum 4 years relevant experience; advisors have: built their own practices and lead their teams; joined teams and are viewed as future leadership; or a combination of both. Ranking algorithm is based on qualitative measures: telephone and in-person interviews, client retention, industry experience, credentials, review of compliance records, firm nominations; and quantitative criteria, such as: assets under management and revenue generated for their firms. Investment performance is not a criteria because client objectives and risk tolerances vary, and advisors rarely have audited performance reports. Rankings are based on the opinions of SHOOK Research, LLC and not representative nor indicative of any one client's experience, future performance, or investment outcome. Neither Forbes nor SHOOK Research receives compensation in exchange for placement on the ranking. Forbes is a trademark of Forbes Media LLC. All rights reserved. Rankings and recognition from Forbes are no guarantee of future investment success and do not ensure that a current or prospective client will experience a higher level of performance results and such rankings should not be construed as an endorsement of the advisor.

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