



The Financial and Estate Planning Council of Metropolitan Detroit, Inc.

January 2017

33006 W. Seven Mile Road, #237, Livonia, MI 48152 • (313) 530-9223 • FAX: (248) 479-0350

President's Message

Happy new year to fellow FEPCMD colleagues!

My name is David Thoms. I am very pleased and complimented to become the President of the Financial and Estate Planning Council of Metropolitan Detroit (FEPCMD). The organization has augmented my ability to work effectively with clients in regard to their estate planning needs and issues. I hope that I have truly adopted the philosophy or goal behind the FEPCMD. That important philosophy or goal is that it takes a team of professionals from various backgrounds to assist fully in the estate planning process. Through the continuing education program, the tax updates, and quite frankly, the socialization hours, I have gleaned much information over the years and I am particularly pleased that I can contribute to the ongoing success.

2017 will be a challenging year, reportedly to be filled with dramatic changes that will affect the estate planning process. It could be the consequences of 2704 Regulations; it could be anticipated dramatic changes to estate and gift taxes; or, it could be dramatic changes to income taxes. As a result, we hope that the organization will be "fleet afoot" enough to keep up with the changes and to help our members navigate. Because of so many unknowns, our programming for the year is not yet complete, though we plan to have one additional substantive session and to make our "significant others" event be a separate and distinct social event.

We expect to return to a short "tax update" at each meeting and to have speakers whose backgrounds are concentrated in our members' diverse professional groupings, i.e. legal, insurance, trust administration, tax preparation, planning, etc. Our meeting in February shall be led by Mr. Scroggin. He last spoke to our organization in 2005. I heard him at the "add-on" 7:00 a.m. session at the NAEPC meetings in Arizona. It was only a few days after the presidential election. Yet, he was ready with analysis and diagnosis regarding where the world might be as a result of anticipated effects of either prevailing ideas in Congress or with the President-elect. So far, these anticipated changes are not "in sync."

We, in the last couple years, have revised and expanded our "sponsorship program." That has made our ability to bring nationally known speakers to our forum. As a result, we wish to thank our 2016 sponsors listed below.

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We hope to expand the number of those sponsors during the ongoing year. Sponsorship does bring more attention to the sponsoring organization, since we provide the opportunity of the use of the respective sponsors name or logos on our web site and our program boards at meetings. It also allows our sponsors to “pay it forward” to promote the mission and goals of the Financial and Estate Planning Council.

If you are not already a sponsor but would like to become a sponsor, please contact our Executive Director and Administrator, Kris Wolfe, who can be reached at FEPCMD@AssociationOffice.org. This should be done before the end of January, 2017 in order to participate in recognition.

Of course, our organization exists for the purpose of idea exchange, education, and professional development for the benefit of our members and their clients. Thus, we always desire to have new members. Do not hesitate to nominate an appropriate member. The expansion of our membership not only increases revenue, but also enhances the image of our respective professions within the community.

Best wishes for a happy, healthy, and prosperous 2017!

David M. Thoms JD

Medicare: I’m Eligible, Now What?

Susan H. Kavanagh

Starting in 2011 and continuing for the next 18 years, baby boomers will be turning 65 at a rate of 8,000-10,000 per day. With over 3 million people reaching this milestone each year, it is very likely that you will field Medicare questions posed by “newly eligible” baby boomer clients. As an advisor or someone anticipating retirement, it is important to have some basic knowledge of Medicare and resources that will help make this important health insurance transition easier.

Some background: Medicare and its companion program Medicaid were signed into law in 1965 by Lyndon B. Johnson. Since then, the Medicare Program has evolved in response to beneficiary needs, developments in medical care/best practices, insurance industry advances, etc. Initially, Medicare consisted of Part A (hospital and medically necessary skilled nursing facility, hospice and home care) and Part B (some preventive care, doctors and other healthcare providers’ services, outpatient care, DME (Durable Medical Equipment) and home care). Eligibility for Medicare was expanded from covering persons age 65 and over to include disabled persons under the age of 65, persons with End Stage Renal Disease (ESRD), federal civilian employees, the President, members of Congress and federal judiciary. Since Parts A and B require beneficiary cost sharing in the form of per diem hospital co-pays, outpatient deductibles and coinsurance, Medicare solicited private health insurers to provide insurance that would reduce or eliminate basic Medicare’s beneficiary cost share. Medicare Supplement

(Medigap) and Medicare Part C (Medicare Advantage) plans were created. These plans did an effective job of covering the medical balance bills/cost share part of the equation until prescription drugs emerged as an important tool in the prevention and treatment of disease. Medicare recognized this change and how it was financially impacting Medicare beneficiaries. As a result, Medicare Part D (prescription drug coverage) was added in 2006.

The basics and history of the Medicare Program are all very interesting but people as “first time eligibles” can be overwhelmed by the process of choosing plans, comparing insurers and rates, and the whole application process. It is usually helpful to follow a few steps to facilitate the plan review and selection process.

Step 1: Apply for Medicare and consult with a Social Security Administration (SSA) agent

The agent will be able to answer questions about your Medicare application, eligibility, the effective date of Parts A and B, Parts B and D premiums (which may be income adjusted) and other applicable benefits. If considering delaying the effective date of Part B, the agent can elaborate on whether or not this is advisable based on employment status, employer size, etc.

Step 2: Research Other Sources of Medicare Supplement Coverage

- Check for Medicare Supplement, Medicare Advantage or equivalent retiree coverage offered through a former employer (commercial company or Government/Military), Association, Union or Trade Group. Many times former employers offer subsidized coverage that is better or equivalent to individual Medicare Supplement or Part C plans. Employer retiree plans may offer prescription drug benefits with no coverage gap or “donut hole.” Note: enrolling in an individual Medicare Supplement plan or Part D prescription drug plan may automatically terminate the group retiree plan, thus leaving benefits on the table. Be sure to check with the retiree plan administrator before enrolling in an individual Medicare plan.

- Medicare/Medicaid Dual eligibility: check with Social Security and the local Department of Human Services office regarding enrollment and plan options.

Step 3: Evaluate Individual Medicare Plan Options

Assuming clients ruled out any group coverage and have a Part B effective date, they should research which individual Supplement or Medicare Advantage plans are suitable for them. In determining this, it is advisable to consider lifestyle issues such as planned relocation (includes moves to an Adult Community, Assisted Living or Continuing Care Retirement Communities (CCRC), residing several months each year in another state (snow birds), plan administrative ease, provider network participation, provider freedom of choice, medical

THE FINANCIAL AND ESTATE PLANNING COUNCIL OF METROPOLITAN DETROIT

Presents

“Planning for the 2017 Tax Reform Act”

presented by:

John J. Scroggin, J.D., LL.M., AEP

Scroggin and Company

TUESDAY, FEBRUARY 7, 2017

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Mr. Scroggin has practiced as a business, tax and estate planning attorney in Atlanta for 38 years. His practice is devoted to tax planning, estate planning, business representations, business succession and sales of businesses and properties. He is co-creator of the “Family Incentive Trust” and creator of the “The Family Love Letter.” Jeff served as a Member of the University of Florida Levin College of Law Board of Trustees from 2011 to 2016. Jeff received the following degrees from the University of Florida: B.S.B.A. (Accounting), 1974, Juris Doctorate, 1977; Master of Laws in Taxation (LL.M.), 1979; Jeff has taught tax law classes at the University of Florida College of Law and College of Business. Jeff is the author of over 250 published articles and columns, and he is a frequent speaker on business, tax and estate planning issues. He has been quoted in a number of media sources including the Wall Street Journal, CNN Headline News, The New York Times, USA Today and more.

Event Take-Aways: Understanding the looming tax changes
How to plan for their implementation

AGENDA: 5:30 p.m. Complimentary Cocktails
6:30 p.m. Presentation
7:30 p.m. Dinner

Log onto our website by January 31 to make your reservation and pay with VISA or Master Card. www.metrodetroitfepc.org

OR PLEASE MAIL YOUR RESERVATION AND CHECK BY JANUARY 31 TO:
FEPCCMD • 33006 W. Seven Mile Road, #237, Livonia, MI 48152
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COST: \$60.00 PER PERSON
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conditions requiring special care or benefits and prescription drug utilization. It is very important to compile such a list to help with the plan evaluation process.

Following are the insurance plans that “supplement” or enhance basic Medicare (for other options, refer to the 2016 Medicare & You handbook).

A. Medigap Plans

- Private health insurance plans that supplement original Medicare Parts A and B
 - Medicare is primary claims payer and Medigap pays secondary or after Medicare pays
 - Provides freedom of choice, no referrals required
 - Each insurer offers standard plans and chooses which they offer in a particular market (A, B, C, D, F, G, K, L, M, N)
 - Premiums may be higher than Medicare Advantage plans but point of service costs can be less depending on the plan chosen
 - Cannot be used to supplement a Medicare Advantage plan
 - Plans do not cover prescription drugs so a separate Medicare D plan must be purchased for this benefit.
- Note: prior to 2006, some Medigap plans offered minimal prescription drug coverage and were grandfathered when the Medicare D plan was first introduced.

B. Medicare Part C Medicare Advantage Plans: there are two types of plans

1) Medicare HMOs (Health Maintenance Organizations)

- Usually have to choose a PCP (Primary Care Physician) who coordinates all care. The HMO builds a referral network around the PCP who must issue referrals to Specialists or other providers in their network.
- May include prescription drug coverage and extra benefits
- Low premiums can be offset by cost sharing at point of service
- If non-referred, non-emergent care is received outside of the network, the member is responsible for all provider bills
- The insurer is the primary administrator responsible for member benefits and claims payment
- Geographic limitations apply resulting in member financial responsibility if non-emergent care is received out of the network.

2) Medicare PPOs (Preferred Provider Organizations)

- Usually do not have to choose a PCP or obtain referrals
- Have freedom to seek care from network or non-network providers. Note: use of non-network providers can result in high out of pocket financial exposure
- May include prescription drug coverage and extra benefits
- Low premiums can be offset by cost sharing at point of service
- The insurer is the primary administrator responsible for member benefits and claims payment

- Geographic limitations may apply and can impact coverage level for non-emergent care.

C. Medicare D Prescription Drug Plan

- Plans are offered and administered by private insurance companies
- Can be stand-alone plan or bundled with Medicare Advantage plans
- Requires beneficiary cost sharing (deductible, co-pays, coinsurance) that changes each year
- Three coverage levels: initial, coverage gap or donut hole, and catastrophic
- Premiums, formulary and member out of pocket costs vary by insurer and can change annually, e.g. the insurer can waive or reduce the annual deductible, add or delete drugs on their formulary, change the co-pays per drug tier, etc.
- Time and financial penalties levied for late enrollment
- Cannot have more than one Medicare D plan in place (stand alone, bundled with a Medicare Advantage plan or as part of a retiree group program).
- Premium may be income adjusted.

Step 4: After comparing plans and rates, submit application(s) at least one month prior to your Medicare Part B effective date

Depending on the type of plan(s) selected, one or two applications will have to be submitted to insurers, e.g. Medigap and Medicare D plans must be applied for separately. Contact the insurance company for application information.

Note: For people already on Medicare, the Medicare Annual Open Enrollment begins October 15th and ends December 7, 2016. Changes made during this time will become effective January 1, 2017.

For help, please refer to the following resources:

- 1-800-Medicare (1-800-633-4227)
 - www.medicare.gov
 - Medicare & You 2016 handbook
 - Social Security 1-800-772-1213
- or www.ssa.gov
- SHIP for Pennsylvania - APPRISE 1-800-783-7067
 - Administration on Aging www.aoa.gov
 - Medicare Approved Supplemental Plan Insurers

Note: This article contains a general description of the Medicare program. It does not represent all of the benefits or options available to the consumer. For comprehensive details regarding Medicare, refer to the resources listed above.

Susan Hart Kavanagh is the founder and President of Kavanagh Solutions, a consulting firm specializing in health insurance problem resolution, plan/benefit review and guidance when Clients must select a Medicare or non-Medicare policy.

ARE YOU INTERESTED IN 2017 COUNCIL SPONSORSHIP?



Financial and Estate Planning Council of Metro Detroit, Inc.

The FEPCMD is a Michigan non-profit corporation. Its mission is to:

1. Promote cooperative efforts in the fields of estate and business planning among the professionals and business enterprises represented by the members, always keeping in mind the interests of their clients,
2. Engage in study, discussions, meetings and additional activities which will continuously improve their combined services,
3. Promote respect and understanding of the members, and
4. Promote understanding of financial and estate planning matters among the public.

Sponsorship Opportunities:

Quarterly events are conducted to educate its members on topics relating to current estate and business planning issues. Corporate sponsorship opportunities are available and are structured to provide recognition and exposure for participating companies.

SPONSORSHIP INCLUDES:

- Recognition and Logo inclusion on the website, event notices, and signage at every event
- Inclusion in FEPCMD Newsletter
- (1) Complimentary Entrance Ticket to Each Dinner Event – Please notify Association office with attendee name at least two weeks in advance of each event.

Cost: \$1,500

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**SPONSORSHIP COMMITMENT – Submit to FEPCMD**

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