



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

October 2012

30600 Northwestern Hwy., Suite 208, Farmington Hills, MI 48334 • (248) 538-7654 • FAX: (248) 538-7656

President's Message

The Board of Directors of the FEPCMD has been active in meeting with the Boards of the Society of Financial Professionals and the National Association of Insurance and Financial Advisors. One of our differentiation points is the quality of our programs and the venues of our membership meetings. September did not disappoint. With summer coming to a close, we had an opportunity to meet at the Detroit Yacht Club and see a fitting end to the boating year. Our afternoon continuing education session was one of the best we have ever had, and it continued into the evening. Thank you to Tess Sullivan and David Thoms for all their hard work making this a great event. I also want to recognize our sponsors, The Baker Group, JP Morgan, and Miller Canfield. We could not have this type of meeting without their monetary support.

One of the topics that came back from this year's membership survey was getting young professionals involved in the estate planning professions. We owe

it to our respective disciplines to perpetuate them by mentoring a young attorney, CPA, CFP®, CLU or trust officer. I believe both the experienced person and the young person would benefit from the professional relationship. Please think about giving back to your profession by helping out a young associate.

I want to thank all the firms who became a year-long sponsor for the 2013 council year. We will be naming all the sponsors in January and at every meeting, event, newsletter, website and publication throughout the entire year. We really appreciate it. Thanks to Brian Simmons CPA, Rob Labe JD, and Brian Nemes CFP® for all their help serving on the Sponsorship Committee. Speaking of volunteering ... we have opportunities for members to serve on committees. Three of the biggest impact committees are the Program, Golf, and a newly formed Publicity committee. Please let us know if you are interested in serving.

Our last meeting of the year is on November 29, 2012 at Northern Trust on Long Lake and Woodward. The speaker is R. Hugh Magill, Executive Vice President and Chief Fiduciary Officer, and is being sponsored by Northern Trust and Dawda Mann Counselors at Law. I look forward to seeing all of you there.

Brad M Kreiner, CFP® AEP® ✦

WELCOME TO OUR NEW MEMBERS

Rebecca Herr

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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 per day. With over 2.9 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, it is important to have some basic knowledge of Medicare and offer 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, durable medical equipment [DME] 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. The two types of Medicare Supplement and Managed Care plans that were developed are called Medigap and Medicare **Part C** or Medicare Advantage plans. These plans had done 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 in the treatment of disease and how it was financially impacting Medicare beneficiaries. As a result, Medicare **Part D** (prescription drug coverage) was implemented in 2006.

As seen above, the basics and history of the Medicare Program are all very interesting but clients as "first time eligibles" can be overwhelmed by the process of choosing one or more 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: Consult with a Social Security Administration (SSA) agent. The agent will be able to answer questions about eligibility, the effective date of **Part B**, **Parts B and D** premiums (which may be income adjusted), other benefits, etc. If considering delaying the effective date of **Part B**, the agent can elaborate on the applicable **Part B** late enrollment time and premium penalties.

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 they offer subsidized coverage that is better or equivalent to individual Medicare Supplement or **Part C** plans. Many such plans offer prescription drug benefits with no coverage gap or "donut hole". Note: enrolling in an individual Medicare Supplement plan or **Part D** may automatically terminate the group retiree plan, thus leaving benefits on the table.

- **Medicare/Medicaid Dual eligibility:** check with Social Security and the local DPW office regarding enrollment and plan options, etc.

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 CCRC), residing several months each year in another state (snow birds), plan administrative ease, provider network participation, provider freedom of choice, medical 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, see pages 79-80 of the 2013 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
- Provider 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 (A through N)
- 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.

THE FINANCIAL AND ESTATE PLANNING COUNCIL OF METROPOLITAN DETROIT

presents

**R. Hugh Magill, Executive Vice President
Northern Trust – Chicago**

"Wealth Transfer Trends in the New Decade"

THURSDAY, NOVEMBER 29, 2012

**Northern Trust
10 West Long Lake Road
Bloomfield Hills, MI 48304**

Sponsored By



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DAWDA MANN
Counselors At Law
Dawda, Mann, Mulcahy & Sadler, PLC

Summary of presentation: Overview of 7 trends affecting estate planning and trust management.

- transfer taxes - a view from the far side.
- changes in capital markets.
- yield declines and the power to adjust/unitrust conversions.
- wealth diminution and reconstitution.
- client mobility.
- boomer clients and their wealth orientation.
- changes in the American "family" - implications for estate planning and design.

Mr. Magill is an Executive Vice President at The Northern Trust Company, Chicago, where he serves as Chief Fiduciary Officer and Global Director of Trust Services. In this capacity he is responsible for Northern's fiduciary and philanthropic services to private clients nationally and internationally. Prior to joining Northern Trust in September, 1989, Hugh practiced law privately in Chicago, and worked in the Trust Department at The First National Bank of Chicago where he served as Assistant to the Chief Investment Officer. He received a B.A. degree, cum laude, from St. Olaf College in Northfield, Minnesota, and a J.D. degree from the University of Minnesota Law School, where he was named a distinguished alumnus in 2005. Magill is a member of the Chicago, Illinois and American Bar Associations, the Chicago Estate Planning Council, and the Christian Legal Society. He is licensed to practice law in Illinois and Minnesota and admitted to practice before the United State Tax Court. He is a faculty member of the American Banker's Association National Trust School and has lectured for the Illinois Institute for Continuing Legal Education, the Notre Dame Tax and Estate Planning Institute, the Chicago Estate Planning Council, the Family Office Association, Northwestern University's Center for Family Enterprises, regional bar associations and estate planning councils, and Northern Trust on estate and charitable planning, trust management, family governance, and fiduciary risk management. He and his wife reside in Winnetka, Illinois with their three children.

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

Log onto our website by November 20, 2012 to make your reservation and pay with VISA or Master Card.

www.metrodetroitfepc.org

OR PLEASE MAIL YOUR RESERVATION AND CHECK BY NOVEMBER 20 TO: COST: \$60.00 PER PERSON

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RESERVATIONS RECEIVED AFTER NOVEMBER 20 WILL COST \$75.00 PER PERSON.

MEMBER NAME: _____ **GUEST NAME:** _____

TOTAL ENCLOSED: _____



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. Choose from the following packages:

LEVEL 1 SPONSOR

Sponsorship Includes:

- Recognition and Logo inclusion on all event notices and signage at every event
- Inclusion in FEPCMD Newsletter
- (2) Complimentary Entrance Tickets to One Event of Sponsor's Choice

Cost: \$1,500

LEVEL 2 SPONSOR

Sponsorship Includes:

- In addition to all Level 1 benefits, the Level 2 sponsor may select and provide a speaker for one event and receive featured promotion.

Cost: \$3,000

SPONSORSHIP COMMITMENT – Submit to FEPCMD Representative

Sponsorship Choice: Level 1 Sponsor [\$1,500] Level 2 Sponsor [\$3,000]

Company Name: _____ Contact Name: _____

Address: _____

Email Address: _____ Telephone #: _____

Payment Options: Send Invoice Credit Card Payment Via Website

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 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
- Cost sharing at point of service can offset some of the premium advantage
- 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 plans 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).

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 application forms will have to be submitted to insurers, e.g. Medigap and Medicare D plans must be applied for separately. This can usually be done via mail, telephone or online.

Hopefully, this will help your clients get started. If they prefer not to be a “do it yourselfer” there are plenty of helpful resources.

- 1-800-Medicare (1-800-633-4227)
- www.medicare.gov
- Medicare & You 2012 handbook
- Social Security 1-800-772-1213
- www.socialsecurity.gov
- 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 Kavanagh is a consultant who assists clients with health insurance benefit/medical claim problems, plan review and selection.

She can be reached at Kavanagh Solutions 215-579-2220 or at shartkav@kavsol.com.

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