Retirement Planning in Four Parts

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The AMA

- 1,100 Active Employees
  - Almost 500 employees over the age of 50
  - 75 over the age of 65
- 300 covered by a recently terminated Pension Plan
- Approximately 500 employees are eligible for AMA sponsored retiree medical
- Historically a paternalistic organization
Once Upon a Time: Retirement was Easy

- Get a job
- Work for 40-50 years
- Retire at 65 with a pension, retiree medical and a fancy watch
- Apply for Social Security at 65, Medicare enrollment was automatic
- Live happily ever after 😊
Then, (almost) Everything Changed

- Life expectancy began to increase
- Pensions were slowly replaced with 401(K)s
- Full Social Security age eligibility was changed from 65 to 67 in a phased approach
- Medicare eligibility remains at 65 (with a few exceptions)
Retirement Planning in Four Parts

- Income Planning in Retirement
- Retirement Considerations
- Medicare
- Social Security
- AMA Retiree Medical
Target Audience

- Who is our target audience and how are we going to reach them?
- Employees over age 50: Provides 10-15 years to plan
- But it’s never too late to start!
- Review annually
  - Expect the unexpected
Saving for Retirement

• Original message from HR/Benefits: Save for retirement!
  ➢ How much?
  ➢ Where to invest?

• What to do with all this money

• New message: Create a spending plan for retirement
Income Planning in Retirement

• Presented by Fidelity, the AMA’s 401(k) vendor
• Strategies for spending down retirement savings
• The need to keep some funds invested for growth
• Tax implications of traditional pre-tax savings vs. Roth after-tax savings
• Reminds employees to think about their life expectancy and family history
Retirement Considerations

- Asks the questions each person needs to answer for themselves:
  - Where are you going to live?
  - What are you going to do?
- Plan for the long term
- Budget accordingly
Retirement Considerations: The Back Story
Medicare

• Parts: A/B/C/D
• Eligibility: Age and person specific
• Enrollment: Initial, General and Special Enrollment Periods
Medicare Continued

• High level details on costs: Premiums; deductibles; coinsurance and copays
  ➢ Specific to each Part/Letter
  ➢ The donut hole
  ➢ No out of pocket maximum

• Gave participants a printed copy of Medicare & You booklet

• Popular enough to warrant a second session (and countless follow up phone calls)
Social Security

- Presented by Fidelity
- Whose eligible and when
- Offers strategies for when to start Social Security
  - Reduction or increase based on age—longevity
  - Own eligibility vs. spousal eligibility
  - Implications of working while receiving Social Security benefits
- Variable vs. Reliable Income
Lessons Learned

• Tell them and then tell them again
• Medicare is not Medicaid
• Employees can never hear the basics of Medicare enough
• Keep Medicare and Social Security separate
More Lessons Learned

- Financial planning is still a struggle for a lot of people
- Required minimum distributions
- Being mortal is complicated
- Where you live matters
  - Taxes
  - Medicare Supplements
  - Health care quality
Tips for Success

• Design what works for your organization's culture
  ➢ Topics
  ➢ Communication Method
  ➢ Timing
Additional Resources

Added resources to the AMA’s intranet as we found them

• Medicare & You booklet
• Understanding Your Benefits Guide from Social Security
• Guide on how to choose a financial planner
• Sightlines Longevity project at Stanford University
• Consumer Financial Protection Bureau
• Articles from the Society of Actuaries
Questions