Health & Retirement Services of Illinois
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OUR NEWS LETTER HRSI

5 Expected Social Security Changes in 2018 Seniors and workers should be prepared for big changes next year.

Sean Williams (TMFUltraLong) Oct 1, 2017

There are few, if any, social programs in the U.S. that are more important than Social Security, at least according to recently released data from the Social Security Administration (SSA).

Recent SSA findings show that 62% of all elderly recipients get at least half of their monthly income from Social Security, and about a third overall get 90% or more of their monthly income from the program. This reliance is exactly why the Center on Budget and Policy Priorities estimated in a 2016 study that the senior poverty rate would be over 40% if Social Security income were not there for the elderly on a guaranteed basis each and every month. As of Dec. 2016, the senior poverty rate was just 8.8%.

In Our Newsletter

Expect these Social Security changes next year

Because of its importance for current and future retirees, there may be no press release more awaited each year than the October announcement from the SSA detailing the changes to the program in the upcoming year. This announcement is often made in the third week of October since the inflationary tether used to calculate cost-of-living adjustments (COLA) isn't made official until about the midpoint of October. In other words, we're roughly two weeks away from a game-changing announcement by the SSA.

What can you expect in terms of Social Security changes for 2018? While only one is a guarantee, the following five Social Security changes appear very likely.

1. Seniors should be getting a modest raise

To start with, Social Security beneficiaries should expect to receive a modest raise in their payout beginning next year. It's not uncommon for recipients to get an annual raise, although no raise was divvied out in three of the past eight years. While it's unknown at this point what the magnitude of the raise, known as COLA, will be in 2018, my suspicion is that it's trending closer to 2% than it was just two months ago.

Why the sudden uptick in expected COLA? Look no further than the recent landfalls of hurricanes Harvey and Irma. While these hurricanes devastated two U.S. states, they also wreaked havoc on the energy industry through refinery and drilling platform shutdowns. The ensuing rise in crude and gasoline prices is expected to increase the national inflation rate and translate to a modestly higher COLA for Social Security beneficiaries. With the average retired worker bringing home about $1,370 a month as of July 2017 , a 2% COLA would put an extra $27.40 a month in his or her pockets next year.

2. The full retirement age will tick higher by two months

The one change that's guaranteed next year is yet another gradual increase to the full retirement age for those born in 1956.

In 1983, Congress and President Reagan passed the last sweeping overhaul to the Social Security program. Among the many changes implemented was a staggered increase to the full retirement age, or FRA. Your FRA is the age at which you become eligible to receive 100% of your benefits. If you claim benefits at any point before hitting your FRA, you'll receive a permanent reduction to your monthly payout. Conversely, if you wait until after you hit your FRA to enroll for benefits, your payout could grow even larger.

For those born in 1956, your FRA is 66 years and four months, up from the 66 years and two months for those born in 1955. It means the newest eligible retirees in the upcoming year (you can begin taking Social Security benefits upon turning 62) are going to have to wait just a little bit longer if they want every cent they're due.

3. The maximum taxable earnings cap should rise

There's also a very strong possibility that the maximum taxable

earnings cap, which is tethered to the National Average Wage Index, is going to head higher in 2018.

Social Security's 12.4% payroll tax was responsible for 87.3% of all revenue generated by the program in 2016. This payroll tax currently applies to all earned income between $0.01 and $127,200, but anything beyond $127,200 isn't touched by the payroll tax. Usually, when the U.S. economy and wages are expanding, this maximum taxable earnings cap rises from one year to the next. With COLA looking to be positive in 2018 (the maximum taxable earnings cap remains flat if there is no COLA in a given year), there appears to be a very good chance of a higher taxable cap. Translation: the wealthy can expect to pay a bit more next year.

How much more? It's tough to say with any certainty, but nonfarm employee nominal wage growth has averaged about 2.4% this year based on data from the Economic Policy Institute and Bureau of Labor Statistics. This would suggest a move in the maximum taxable earnings cap up to a little more than $130,000.

4. You'll probably have to work harder to earn lifetime work credits

Despite the somewhat popular (and incorrect) belief that Social Security is an entitlement program, you have to work your way to benefits. In order to qualify for retired worker benefits, you'll have to earn 40 lifetime work credits. A maximum of four can be earned each year, with each credit have an earned income value attached to it. This year, for example, workers can earn a credit for each $1,300 in income. In other words, you can maximize your earned work credits for the year if you generate $5,200 in income.

Because of inflation, the amount that workers need to generate to earn a lifetime work credit rises most years. Last year, it rose $40 per credit to $1,300 from $1,260 in 2016. It appears likely to increase again in 2018, but the increase is probably going to be modest. Nevertheless, working part-time for 10 years should, at minimum, allow you to qualify for retirement benefits.

5. The maximum monthly payment should adjust upward

Finally, there's a pretty good likelihood that the maximum monthly Social Security benefit at full retirement age is going to head higher in 2018. In 2017, the maximum monthly payment at FRA is $2,687, which was up $48 a month from 2016.

However, the maximum monthly payment isn't something too many folks have to worry about. Roughly 60% of retirees claim benefits before reaching age 65, which means a majority of retirees are receiving less than 100% of their full retirement benefit. What's more, a person would have to work a minimum of 35 years, ***and*** earn at least the maximum earnings cap amount in those years, in order to have a shot at the monthly maximum benefit.

In just over two weeks, seniors and workers will have a clear grasp on what to expect from Social Security in 2018, so mark those calendars.

Open enrollment: How Medicare Advantage will change in 2018

Wendy Connick, Oct. 19, 2017

Medicare Advantage plans change every year, but 2018 will likely include more changes than usual.

Open enrollment allows seniors to review their Medicare plans and make decisions about changing coverage

With open enrollment for Medicare running from October 15 to December 7, it's important to understand how Medicare Advantage plans will be different next year and how your expenses -- and treatment options -- may change. A thorough understanding of how your chosen plan works will help you minimize your healthcare expenses for the year.

Changes to existing plans

Before you decide to stick to the same plan you had in 2017, review it carefully to see if anything important has changed. The most common changes to Medicare Advantage plans include prescription formularies (the list of drugs that the plan covers and how much it charges for them), premiums (how much you pay for the plan each month), and cost-sharing (the percentage or dollar amount that the plan pays toward your medical expenses as you incur them).

Changes to network coverage

Plans may also change their network coverage from year to year, so check to make sure that your primary care physician is still included in the plan's network. In rural areas, it's particularly important to confirm that the network you choose includes a wide range of specialists in your general vicinity. And if you decide to switch to a new Medicare Advantage plan for 2018, definitely check the provider network before making any decisions.

If provider networks in your area are particularly spotty for 2018, consider switching to a non-network type of Medicare Advantage plan such as a Private Fee-for-Service (PFFS) plan or a PPO. With PPOs, you can use out-of-network providers but will generally pay more to do so. PFFS plans may or may not have a network; the ones that do have networks generally also

Loss of insurers

While the loss of insurers in Obamacare programs is fairly well-known, the poor insurance coverage of Medicare Advantage in some areas is not. As of 2017, 147 different counties have no Medicare Advantage insurers at all. The affected counties are chiefly in rural areas and are spread across 14 different states. Whether this situation will be better or worse in 2018 remains to be seen, but it's definitely a concern -- especially if you live in a rural county.

Should you discover that there are no Medicare Advantage plans in your area that meet your needs, consider switching to a Medigap plan. Medigap is paired with original Medicare (Medicare Part A and Part B) and covers many healthcare expenses that aren't included in those parts of Medicare, so these plans can serve as an excellent substitute for Medicare Advantage.

Loss of State Health Insurance Assistance Programs (SHIPs)

The State Health Insurance Assistance Programs provide free Medicare counseling and assistance in every state. This counseling can be particularly useful when trying to decide which Medicare plan to choose for the year. However, President Trump's proposed budget eliminates 94% of SHIP's funding, which would significantly reduce the program next year.

Since this may be the last year that SHIP counseling is widely available, you might as well take advantage of it while choosing your Medicare Advantage plan for next year. You can find the SHIP web address and phone number for your state on the Seniors Resource Guide website.

DIABETES—ARE YOU AT RISK?

Millions of Americans have or are at risk for diabetes, one of the leading causes of death in the United States. The disease can lead to kidney failure, amputations, and blindness. November is American Diabetes Month, the perfect time for you to find out if you're at risk and learn about the benefits Medicare covers if you have diabetes.

Many people with diabetes don't know that they have it—fortunately, Medicare covers screening tests so you can find out if you do. If you're at high risk for developing diabetes, Medicare covers up to 2 fasting blood glucose (blood sugar) tests each year. If your doctor accepts assignment, you pay nothing for these tests. You may be at high risk for diabetes if you're obese, have high blood pressure, high cholesterol, or a family history of diabetes. Talk to your doctor to find out when you should get your free screening test.

If you have diabetes, Medicare covers many of your supplies, including test strips, monitors, and control solutions. In some cases, Medicare also covers therapeutic shoes if you have diabetic foot problems. You pay 20% of the Medicare-approved amount for these supplies.

Medicare also covers diabetes self-management training to help you learn how to better manage your diabetes. You can learn how to monitor your blood sugar, control your diet, exercise, and manage your prescriptions. Talk to your doctor about how this training can help you stay healthy and avoid serious complications. Get information about how Medicare can help you detect and manage diabetes by watching our video.

You can learn more about American Diabetes Month and how to prevent and treat this disease from the American Diabetes Association at diabetes.org.

Take steps to fight diabetes today—talk to your doctor today about screening tests and what supplies and training you may need to stay healthy.

Pay Part A & Part B premiums

If you get Social Security or Railroad Retirement Board (RRB) benefits, your Medicare Part B (Medical Insurance) premium will get deducted from your benefit payment.

If you're a Civil Service retiree and NOT entitled to Social Security:

Your premiums will be deducted from your Civil Service annuity. If this isn't happening, call 1-800-MEDICARE.

If you have limited income and resources:

Your state may help you pay for Part A, and/or Part B. You may also qualify for Extra Help to pay for your Medicare prescription drug coverage.

Will I get a bill for my Part A or Part B premiums?

If you sign up for Part B and you don't get Social Security, RRB, or Civil Service benefits, you'll get a bill called a “Medicare Premium Bill” (CMS-500).

If you buy Medicare Part A (Hospital Insurance) or you owe Part D income-related monthly adjustment amount (IRMAA), you'll always get a “Medicare Premium Bill” (CMS-500) each month for your premium.

Learn more about the "Medicare Premium Bill".

There are 4 ways to pay your Medicare bill:

1. Pay directly from your bank account through your bank's online bill payment service. Contact your bank or go to their website to set up this service.

2. Sign up for Medicare Easy Pay, a free service that automatically deducts your premium payments from your savings or checking account each month. We'll deduct your premium from your bank account, usually on the 20th of the month.

3. Pay by check or money order. Mail your Medicare payment coupon and payment to:

Medicare Premium Collection Center
P.O. Box 790355
St. Louis, MO 63179-0355

4. Pay by credit card or debit card. Complete the bottom portion of the payment coupon on your Medicare bill, and sign it. You'll need to provide the account information as it appears on your card and the expiration date. Most credit cards today only have the month and year in expiration date field. If your credit card only has a month and year in the expiration date, fill in the month and year on the payment coupon and leave the day field blank. Mail your payment to the address above.

Note

If you get your bill from the Railroad Retirement Board (RRB), the payments options explained on this page don't apply to your situation. You or your bank must mail your premium payments to:

RRB, Medicare Premium Payments
P.O. Box 979024
St. Louis, MO 63197-9000

Pay attention to the type of bill you get

If the box in the upper right corner says	It means	Do this
This is not a bill	Your premium payment will be automatically deducted from your bank account each month.	You don’t need to do anything.
First Bill	This is your very first bill, or you’ve paid your last bill in full.	Send in a payment for the total amount shown by the 25th (Medicare premiums are due by the 25th of the month). For example, if the billing date on the First Bill is January 27th, send in payment by February 25th.
Second Bill	Medicare didn’t get payment by the due date shown on the First Bill (25th of the month).	Send in a payment for the total amount shown by the 25th of the month. For example, if the billing date on the Second Bill is February 27th, send in payment by March 25th.
Delinquent Bill	Medicare didn’t get the payment by the due date shown on the Second Bill (25th of the month).	Send in a payment for the total amount shown by the 25th of the month so that you don’t lose your Medicare coverage. For example, if the billing date on the Delinquent Bill is March 27th, send in payment by April 25th. This is the last bill you’ll get.

What if my premium payment is late?

If your premium is late, you'll get a Second Bill reminding you to pay your premium. If you don’t pay the premium by the due date for the Second Bill, you'll get a Delinquent Bill. If you get a Delinquent Bill and you don’t pay your premium by the 25th of the month, you’ll lose your Medicare coverage.

What do I do if I have questions about my bill or the status of my coverage?

Call Social Security at 1-800-772-1213 (TTY: 1-800-325-0778).

Download claims with Medicare's Blue Button

MyMedicare.gov's Blue Button provides you an easy way to download your personal health information to a file. Once you're in your MyMedicare.gov account, you can download the file of your personal data and save the file on your own personal computer. After you have saved it, you can import that same file into other computer-based personal health management tools. The Blue Button is safe, secure, reliable, and easy to use.

How to download & save your health information

- Log into MyMedicare.gov, and look for the Blue Button as you search claims and view your On the Go Report.
- Select the Blue Button to create a downloadable file with your MyMedicare.gov information.
- Select the information you want to download, and select submit.
- Save the file as either a PDF or a TXT file to your computer.
- When using mobile apps to download your Blue Button record, the above steps may be automated.

Why download my health information?

- Gives you control over your health information.
- Makes it easy to share with your doctors, caregivers, or anyone else you choose.
- Once you've used the Blue Button, there are a variety of health applications and services that you can use to analyze your health information. Learn more about these useful tools and how to protect your health information once it's in your hands.

Safeguarding your data

Since you control access to your downloaded health information, it's your responsibility to protect it. Treat your personal and health information just like you would your banking or other confidential information. Here are some important things to remember:

- You may want to download your information to a CD, flash drive or a mobile app. Encrypted and password protected flash drives, CDs and mobile apps are recommended.
- If you want to send your information via email, encrypt the message.
- Keep paper copies in a safe and secure place that you can control.
- If you think your information may have been downloaded by someone else, call us at 1-800-MEDICARE (1-800-633-4227).

The $50 Google Home Mini vs. the $50 Amazon Echo Dot—who wins?

David Pogue Tech Critic Yahoo Finance October 21, 2017

Ever since Amazon (AMZN) created the Amazon Echo, the “Siri for the home” voice assistant, every company and its brother has rushed to come up with one almost exactly like it.

Take, for example, the Amazon Echo Dot. Like the full-size Echo, it responds to your commands and questions from across the room—but it’s a tiny, sawed-off one that costs $50. The only difference is that because you don’t have the big cylinder, the sound quality is tinny. It makes a fantastic *second* Echo—say, for the upstairs.

Well, now here’s Google (GOOG, GOOGL) with its own version of the Dot, called the Google Home Mini. Also puck-shaped, also $50. (Google will also be releasing the Google Home Max, a beefier version with better sound.)

The Dot and the Mini are 90% identical. They both work great. Each has a Microphone Off switch, so you can be sure that it’s not listening for its trigger word. Both can now distinguish *who* is making the request, so that it can respond to commands like “Play my party playlist” and “What’s next on my calendar?” with the right person’s music or info. Both now let you make free speakerphone calls to actual phone numbers (although the Google’s call quality is awful).

There are, however, a few differences to note.

In this corner: The Google Home Mini.

- **The sound is much better.** Neither assistant pod will be mistaken for a concert hall. But there’s no question that Google’s built-in speaker is richer than Amazon’s.
- **It talks to Chromecasts and Android TVs.** If you spring $35 for a Chromecast (a little receiver stick that plugs into a modern TV’s USB jack), or if you have a TV that runs Android TV, you can perform a nifty trick. You can say, “Ok Google, show me a video about how to remove contact lenses” or “Show me funny cat videos” or “Show me the trailer for the new Avengers movie,” and it appears on your TV instantly. As you can see in the video above, it’s quite magical.
- **It will someday have a tap-to-talk feature.** The top of the Mini is supposed to be touch sensitive. As designed, you could tap it to issue a command (instead of saying “OK Google”), or tap it to pause music. But just as the Home Mini was shipping, a reviewer discovered a bug in which that button thought that it was being pressed all the time, transmitting everything anyone said in the room to Google’s servers. So Google responded by shutting off that top button’s features altogether.

And now, in this corner: The Amazon Echo Dot.

- **Works with more home-automation products,** like internet-controlled thermostats, lights, security cameras, and so on. It’s a huge list. Google’s improving on this front, but Amazon’s had a several-year head start.
- **It has an audio output jack.** Lots of people love plugging in their nice speakers or sound systems to an Echo Dot, thanks to the standard miniplug on the side (the Google offers nothing similar). That makes it easy to control your music by voice—one of the most luxurious features ever.

It’s much easier and more reliable to adjust the Echo Dot’s volume (left) by turning its ring instead of tapping the sides.

- **You can see feedback across the room.** The Dot's LED ring glows in different colors and patterns to communicate different things—for example, it glows when it's transmitting sound back to Amazon. You can see it from the side, and therefore from across the room. The Google's four LEDs are visible only when you're looking *down* on the device, which isn't nearly as useful.
- **You can order stuff.** Of course, this is exactly what Amazon hopes you'll do, but it's still cool. "Alexa—order more paper towels."

If you're a Google Play subscriber, maybe the convenience of speaking your desires for music tips the balance for you toward the Google Home Mini. (The argument about "Buy a Google Home if you keep your calendar in Google Calendar" doesn't really hold water, since the Echo can consult or add events to the calendar systems of Google *or* Apple (AAPL) *or* Microsoft (MSFT).

Otherwise, though, the Echo Dot is still the better micro-assistant. (Especially when it's on sale for $40—for example, on the typical Black Friday, which is in a couple of weeks.)

There will be a lot of people unwrapping these little guys this holiday season.

Both of these devices are delicious enhancements to almost anyone's home. Over time, you'll find more and more ways that they're useful—and for only 50 bucks!

Correction: The originally posted version of this story referred to the volume ring of the Echo Dot. That was a feature of the first-generation Dot; the current second-generation Dot has volume buttons on the top instead of the ring.

Here's what Trump's new tax plan means if you're making $25,000, $75,000, or $175,000 a year

Nov. 6, 2017

Your paycheck might be slightly bigger. AP/Alex Brandon

- **President Donald Trump's tax plan is being billed as a boon for hard-working middle class Americans.**
- **Exactly how much you save depends on many factors, including whether you itemize deductions.**
- **In the chart below, we've calculated potential tax savings for a single, childless taxpayer who claims the standard deduction.**

President Donald Trump's tax plan is being billed by the White House and Republicans as a boon for the middle class.

The 429-page GOP tax plan, called the "Tax Cuts and Jobs Act" was revealed on Thursday. Under the new plan, tax brackets would be reduced from seven to four, and the standard deduction would be increased.

Exactly how much individuals save will depend on many factors, and as Business Insider's Josh Barro pointed out, tax cuts for average Americans aren't likely to be as sweeping as Republicans make it sound.

Wealthy Americans, including Trump himself, stand to benefit handsomely from the tax proposal, thanks to provisions eliminating the estate tax and the Alternative Minimum Tax (AMT), among others.

Still, as it stands now, take-home pay could increase — albeit slightly — for most Americans under Trump's tax plan.

We were curious how it might change, so we ran some numbers using the current proposal.

The estimates in the chart show how much single, childless taxpayers at different income levels who claim the standard deduction might save if tax reform passes — something that could prove challenging, given the trouble Trump has faced in his attempts to overhaul the US healthcare system.

- $25,000 salary: estimated annual tax savings of $178
- $75,000 salary: estimated annual tax savings of $2,028
- $175,000 salary: estimated annual tax savings of $4,239

As the conversation around tax reform continues to unfold, there are a couple important points to help understand how the plan could affect the average American taxpayer, not just high-earning Wall Street pros.

The majority of Americans do not itemize tax deductions.

According to the most recent IRS analysis of individual tax returns, 70.4% of taxpayers claimed the standard deduction on their tax return.

Americans who do claim the standard deduction will be able to reduce their taxable income further under Trump's tax plan, in turn reducing their tax bill. Single filers would deduct $12,000, slightly higher than the current combined $10,400 deduction, which includes the standard deduction and one personal exemption. Joint filers would deduct $24,000, up from the current $20,800, which includes the standard deduction and two personal exemptions.

But, Trump's tax plan would do away with many deductions, which could increase federal taxes for Americans who itemize their deductions. Among those who do, the average claimed for 2014 was $27,447.

The US does not have a flat tax — federal income taxes are calculated on a progressive basis.

If your income falls into the 25% bracket, you don't give the federal government 25% of your income. That would be a flat tax, the type of tax reform favored by Ted Cruz, but it isn't how our current progressive tax system operates.

Here's how the most basic calculation works — something you probably learned in high school government class and then quickly forgot — for a single taxpayer who will not itemize their deductions in 2017:

1. Figure out your taxable income: annual salary — deductions — exemption(s)
2. Everyone pays 10% federal income tax on their first $9,325 of taxable income
3. Everyone pays 15% federal income tax on their next $9,326 to $37,950 of taxable income
4. Everyone pays 25% federal income tax on their next $37,951 to $91,900 of taxable income
5. And so on through the rest of the tax brackets up to your total amount of taxable income.

So, your tax bracket only applies to the amount you earn above the minimum income threshold for that bracket. For income below that limit, you pay the same federal income tax percentage as everyone else does, even if they earn less than you do overall.

Trump and his tax team — which includes House Speaker Paul Ryan, Senate Majority Leader Mitch McConnell, National Economic Council Director Gary Cohn, Treasury Secretary Steven Mnuchin, Senate Finance Committee Chairman Orrin Hatch, and House Ways and Means Committee Chairman Kevin Brady — have said they want to make "the tax code simple, fair and easy to understand."

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