

# RETIREMENT. LET'S GET THERE.



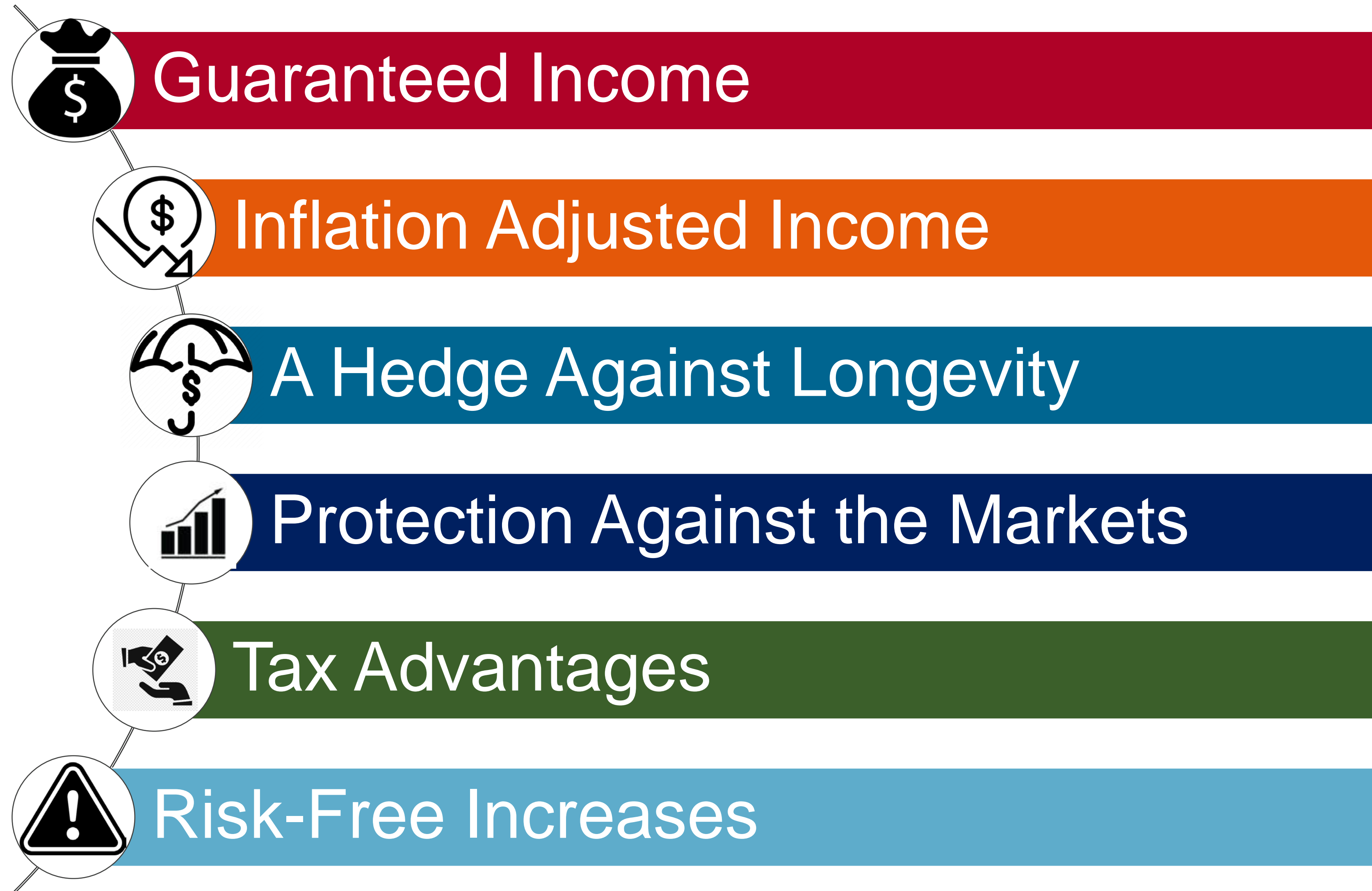
**Social Security Strategies**



# Social Security...Then and Now

	1940	Today
Payroll Tax Rate	2%	12.4%
Earnings Cap	\$3,000	\$142,800
Total Beneficiaries	222,000	69.1 million
Worker: Beneficiary Ratio	159:1	Less than 3:1
Average Retiree Benefit	\$22.60 per month	\$1,657 per month

# Exclusive Benefits Of Social Security



# Who pays for Social Security?

- Pay-As-You-Go system
- Workers pay **6.2% PLUS** Employers match **6.2%**
  - The Trustees estimate the reserves will be depleted by 2033
  - Payroll taxes and other income will pay out about 76% of benefits
- Funds benefits for **CURRENT** recipients



# How Do You Qualify For Social Security?

## Earnings History

- \$1,510 per quarter
- 4 credits per year
- 40 credits to qualify

## As A Spouse

- Age 62
- 50% of Spouse's benefit
- Claim before FRA, Reduced Benefit

## Surviving Spouse

- Spouse must have worked a minimum number of years (up to 10)
- Full benefits at FRA
- Reduced benefits at age 60

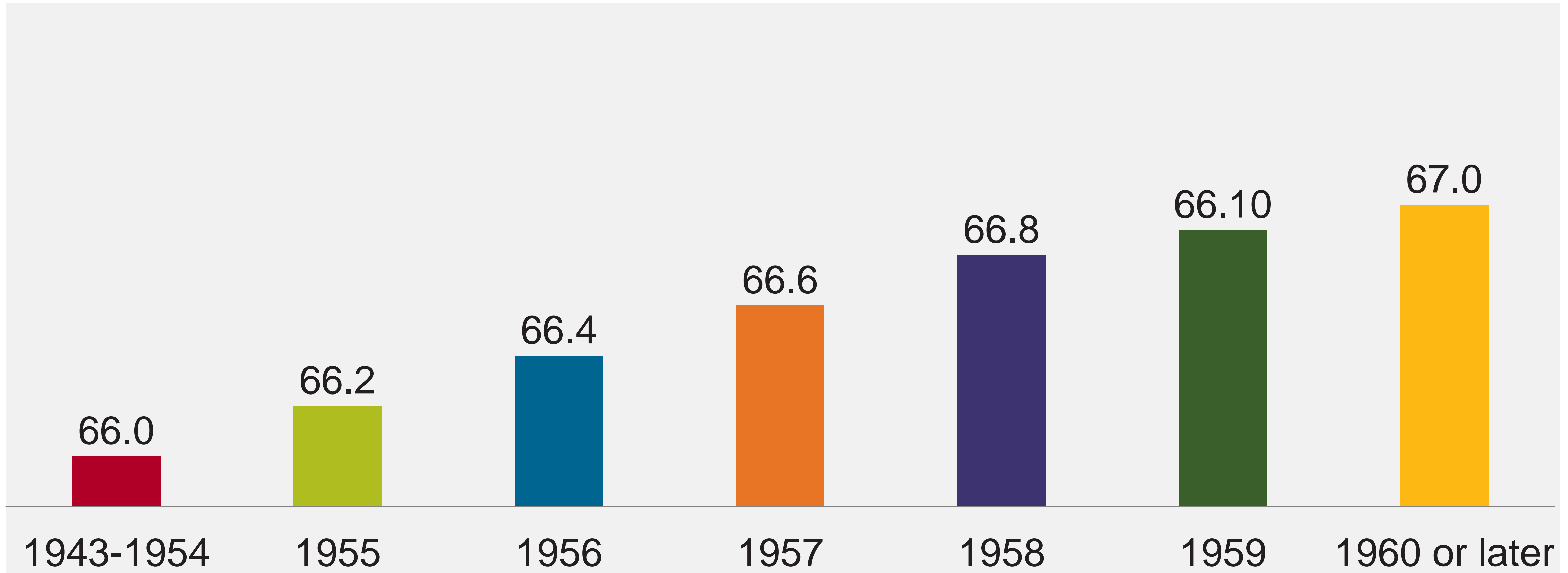
## Ex-Spouse

- Married at least 10 years
- Aren't currently married
- Ex-Spouse is at least age 62 and qualifies for SS

# What Determines Your Benefit Amount?



# Full Retirement Age (FRA)



Source: Social Security Administration ([www.ssa.gov](http://www.ssa.gov)). Assumes full retirement age of 66.



# Social Security Individual Benefits

### Your Estimated Benefits

- \*Retirement** You have earned enough credits to qualify for benefits. If you continue working until... your full retirement age (67 years), your payment would be about... age 70, your payment would be about... age 62, your payment would be about...
- \*Disability** You have earned enough credits to qualify for benefits. Your payment would be about...
- \*Family** If you get retirement or disability benefits, your spouse or child may qualify for benefits.
- \*Survivors** You have earned enough credits for your family to receive benefits. If you die, certain members of your family may qualify for benefits. Your child... Your spouse who is caring for your child... Your spouse, if benefits start at full retirement age... Total family benefits cannot be more than... Your spouse or minor child may be eligible for a special benefit.

## Your Social Security Statement

Prepared especially for **Wanda Worker**

May 1, 2012

What's inside...

- Your Estimated Benefits ..... 2
- Your Earnings Record ..... 2
- Some Facts About Social Security ..... 4
- If You Need More Information ..... 4

### Your Earnings Record

Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
578	578
1,427	1,427
2,534	2,534
4,215	4,215
5,813	5,813
7,199	7,199
9,045	9,045
11,245	11,245
13,585	13,585
15,875	15,875
18,155	18,155
20,718	20,718
23,177	23,177
25,703	25,703
28,197	28,197
29,851	29,851
30,982	30,982
32,430	32,430
34,617	34,617
36,544	36,544
38,822	38,822
41,162	41,162
42,601	42,601
42,492	42,492
2010	Not yet recorded

What Social Security Means To You

This Social Security Statement can help you plan for your financial future. It provides estimates of your Social Security benefits under current law and updates your latest reported earnings.

Please read this Statement carefully. If you see a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of your Statement with your financial records.

**Social Security is for people of all ages...**  
We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

Without changes, in 2033 the Social Security Trust Fund will be able to pay only about 75 cents for each dollar of scheduled benefits.\* We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

**Social Security on the Net...**  
Visit [www.ssa.gov](http://www.ssa.gov) on the Internet to

Online Statements or Retirement Estimator

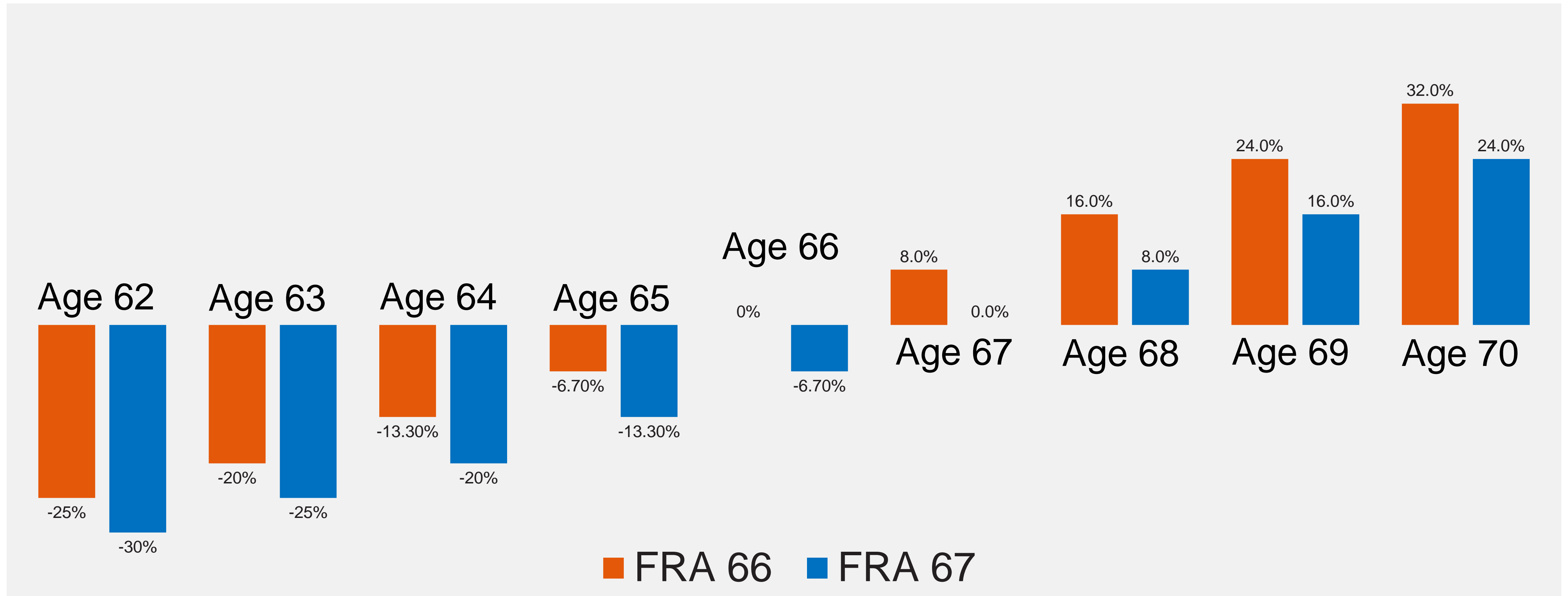
[www.ssa.gov](http://www.ssa.gov)

at 35 Years

Source: Social Security Administration (www.ssa.gov).

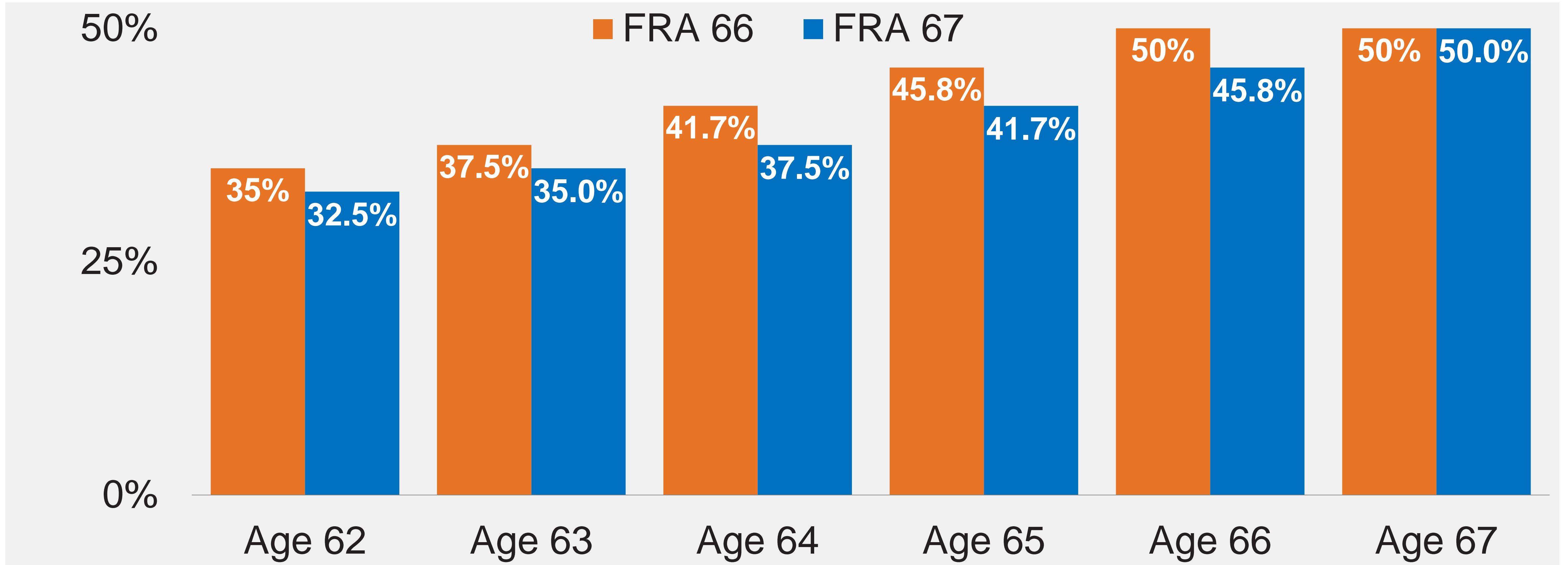


# % of Social Security Benefits You'll Receive by Age



Source: Social Security Administration ([www.ssa.gov](http://www.ssa.gov)).

# Maximum Spousal Benefits



# Work Status

## 2022 Retirement Earnings Limit

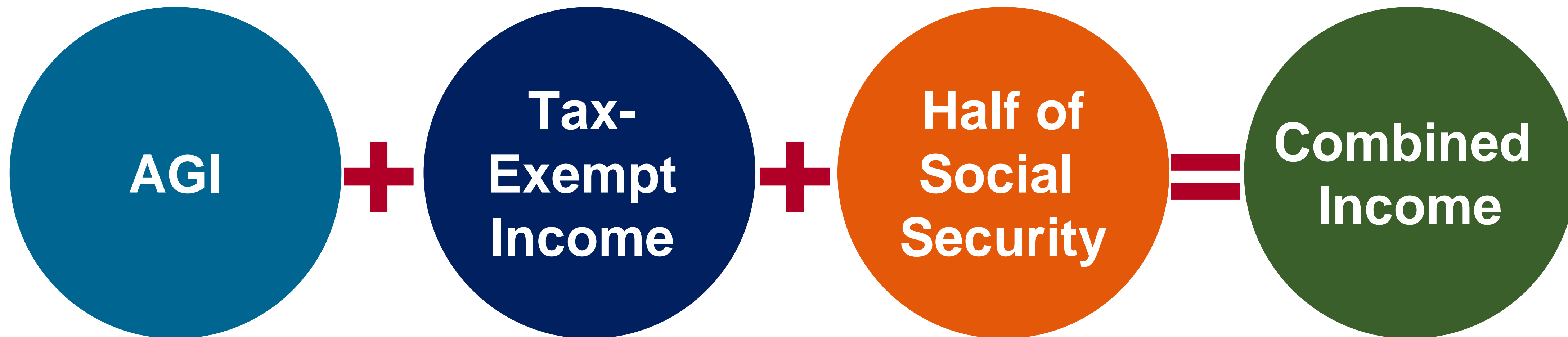
Your Age	2022 Limit	What Happens Above The Limit
Under FRA	\$19,560/year (\$1,630 per month)*	\$1 of benefits withheld per \$2 of earnings above limit
Year reach FRA	\$51,960/year (\$4,330 per month)*	\$1 of benefits withheld per \$3 in earnings above limit for months prior to reaching FRA
Month reach FRA and beyond	None	Nothing

Applies to any retirement benefits collected before FRA.  
Earnings limit looks at wages only.

Source: Social Security Administration ([www.ssa.gov](http://www.ssa.gov)) \*Special earnings monthly limit may apply the first calendar year.

Dividend, capital gains, rental income, distributions from IRAs and workplace retirement plans, unemployment benefits etc. may not be counted as earned income. If married, the earnings test applies only to spouse(s) receiving Social Security benefit. Please contact a qualified tax advisor for more information on earned income.

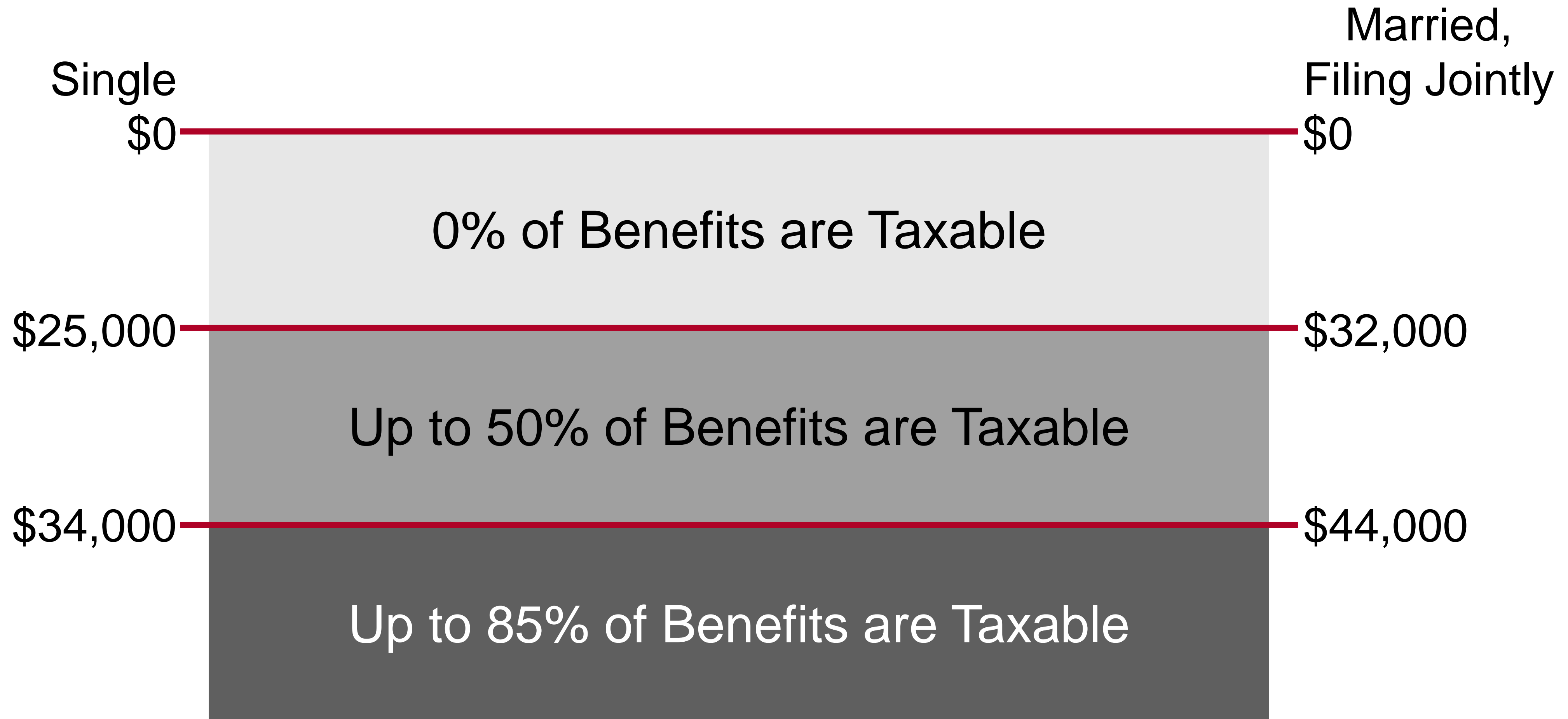
# Will Your Social Security Benefits Be Taxed?



Source: Social Security Administration

Combined Income does not include: Roth distributions, Inheritance and gifts, Life insurance proceeds, Nontaxable portion of annuities and pensions, qualified charitable distributions, and HSA withdrawals for qualified medical expenses

# Will Your Social Security Benefits Be Taxed?



Source: Social Security Administration ([www.ssa.gov](http://www.ssa.gov))

# Retirement Net Income

Annual Income:

- \$18,000 IRA Distribution
- \$30,000 Social Security Benefits

Married Filing Jointly	\$32,000 or less	Not taxed
	\$32,000 - \$44,000	Up to 50% taxable
	\$44,000 or more	Up to 85% taxable

Pre-Tax	
Adjusted Gross Income	\$18,000
Non-Taxable Interest	\$0
½ Social Security Benefit	\$15,000
Combined Income	\$33,000
<b>Taxes</b>	<b>\$6,600*</b>

Roth	
Adjusted Gross Income	\$0
Non-Taxable Interest	\$0
½ Social Security Benefit	\$15,000
Combined Income	\$15,000
<b>Taxes</b>	<b>\$0</b>

\*Effective Tax Rate: 20%



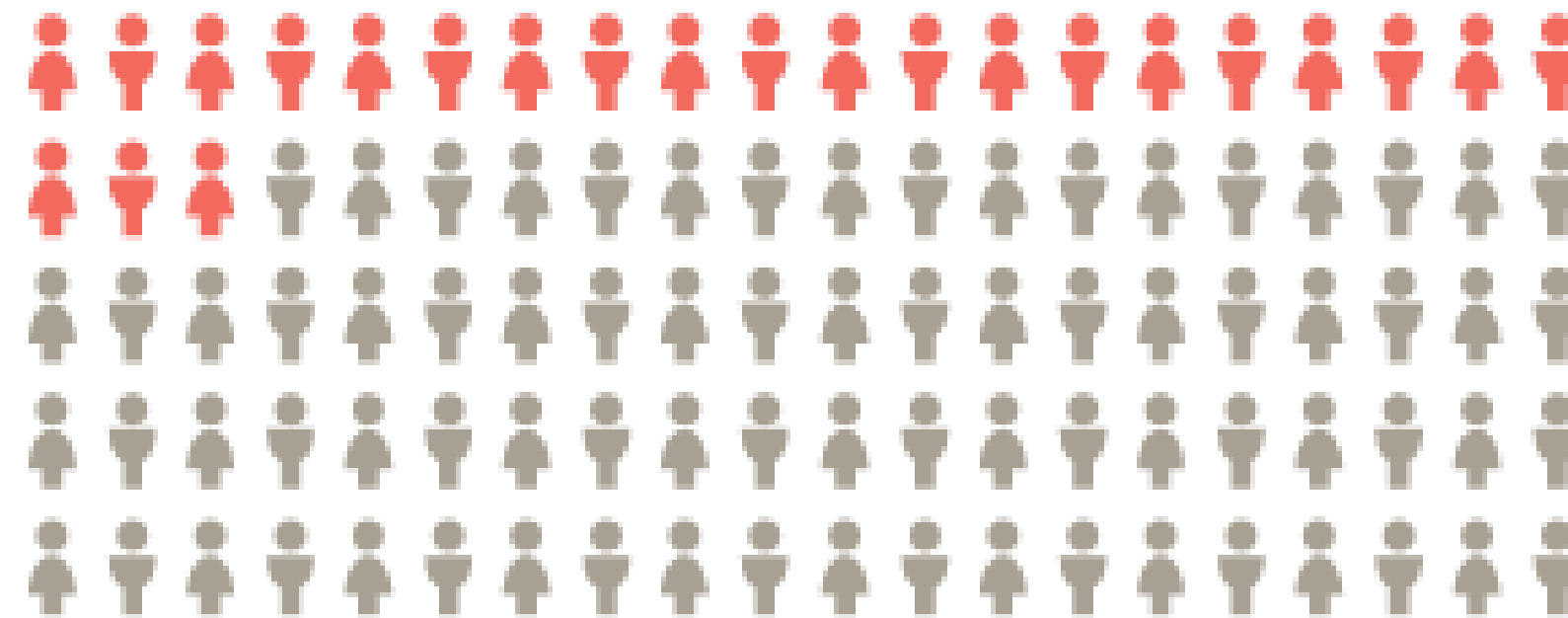
# Retirement Planning & Social Security

## Closing the gap with Social Security

- How many years will you spend in retirement?
- How much have you saved for retirement?
- How much income will you earn in retirement?
- What will your annual expenses be in retirement?
- Determine your annual social security benefits at ages 62, FRA, and 70

**Only 23%**

of workers say they considered how to maximize their benefits in deciding when to claim Social Security.



# What If You Change Your Mind? Reset Your Benefit

If you change your mind about receiving benefits less than 12 months after you file, you can withdraw your original claim for Social Security only once

- You must repay all of the benefits (including Medicare payments)
- Interest free
- Once-in-a-lifetime opportunity
- You can reapply for your benefits later and receive the increased amount
- Second option: Suspension of benefits



# Create A Strategy To Maximize Your Benefits

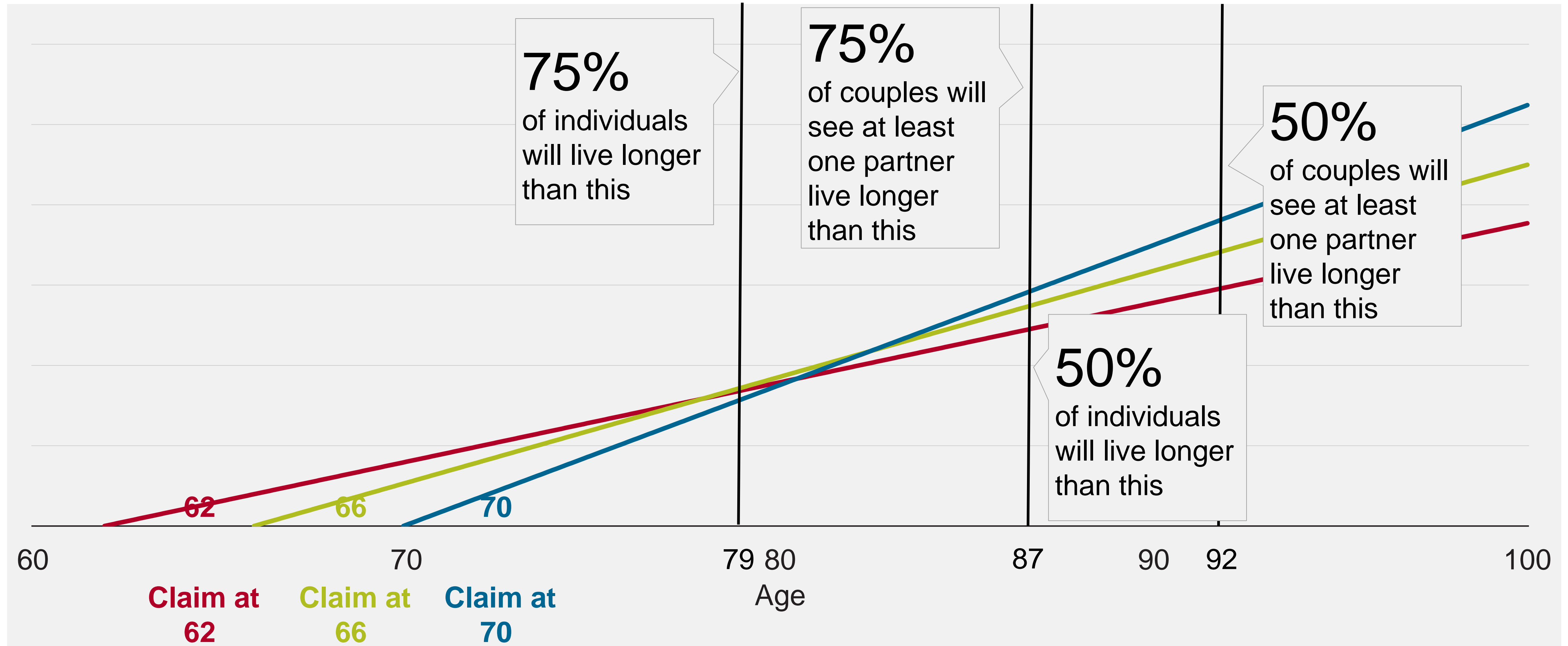
Consider:

- Health
- Life Expectancy
- Current Wealth
- Employment Status
- Tax Profile
- Marital Status



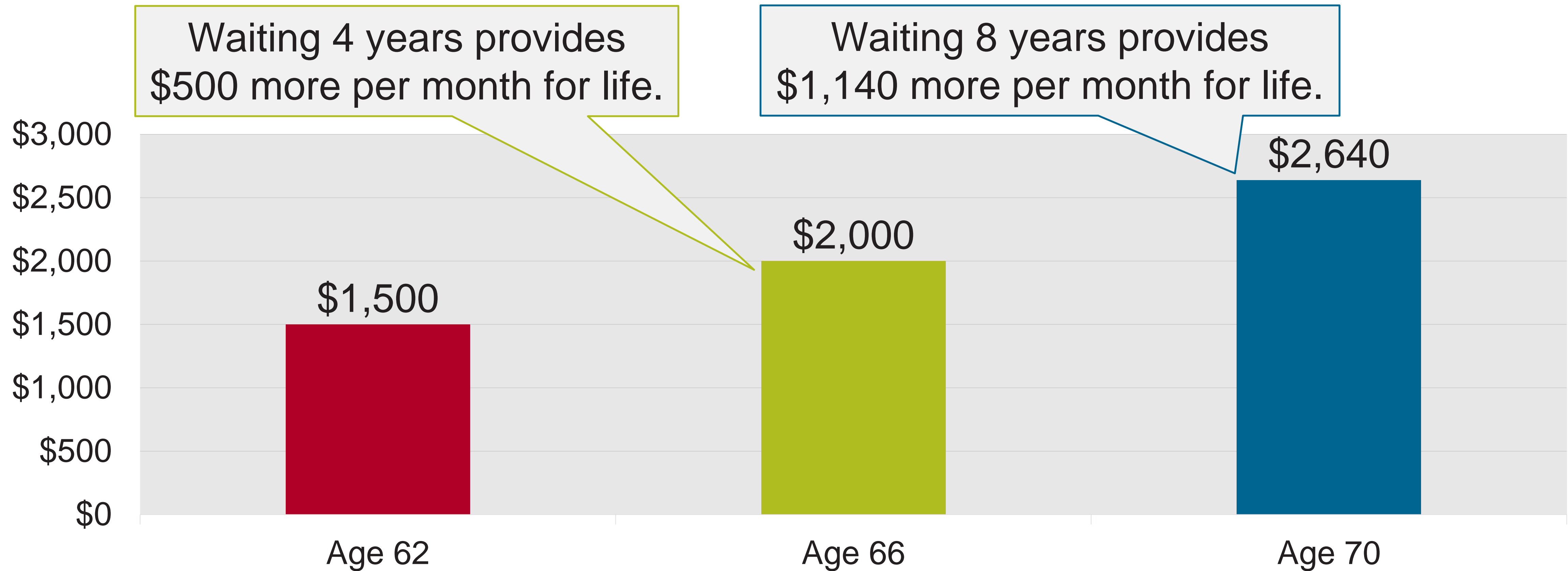
**For 62% of beneficiaries 65 and older, Social Security makes up at least 50% of their income**

# Health History And The The Power Of Longevity



This hypothetical illustration does not represent the return on any particular investment.

# What To Do



The hypothetical example assumes that the person is not working in retirement. Sample benefit amounts are not exact due to rounding. They do not reflect annual cost-of-living adjustments or taxes. Had taxes been taken into account, the amounts would be lower. Benefit at full retirement age is assumed to be \$2,000 per month.

# Get Your Social Security Estimates

The screenshot shows the top navigation bar of the Social Security Administration website. On the left is the SSA logo and the text "Social Security". On the right are links for "SEARCH", "MENU", "LANGUAGES", and "SIGN IN/UP". The main content area features a large heading: "Create your personal *my* Social Security account today". Below this is a paragraph explaining the benefits of a *my* Social Security account. Two blue buttons are present: "Create an Account" (highlighted with a red box and a hand cursor) and "Sign In". Below the "Create an Account" button is a link that says "Finish Setting Up Your Account". To the right of the text is a large photograph of a diverse family walking in a field at sunset. A vertical "Feedback" button is visible on the right edge of the image area.

What can you do with a *my* Social Security account?

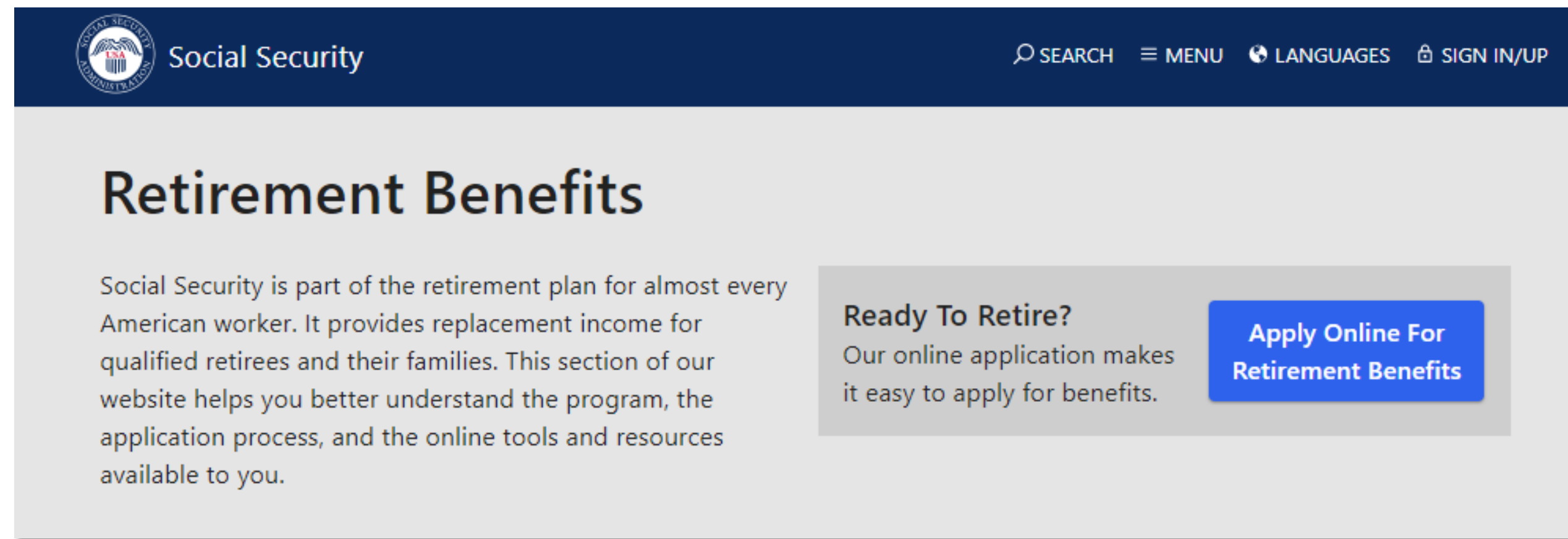


# How To Apply For Social Security

You may need to produce these documents when you apply

- Social Security card
- Original birth certificate or other proof of birth
- A copy of your W-2 or self-employment tax return for previous year
- Proof of US citizenship or lawful alien status

- **Medicare eligibility begins at age 65.**
- **Automatically enrolled if collecting Social Security**
- **HSA and Social Security**
- **No need to enroll at age 65 if covered by employer health care plan. You will have a special enrollment period.\***



\* Group health care plan must have 20 or more employees. Special enrollment period gives you an 8 month enrollment period to sign up for Medicare.

# RETIREMENT. LET'S GET THERE.

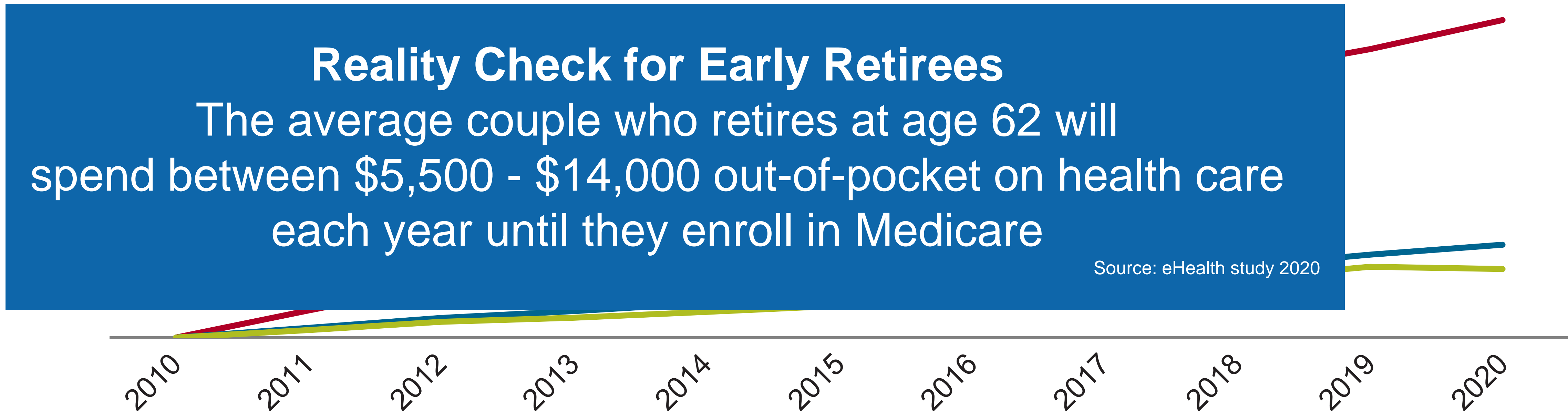


**Navigating Medicare**

 **BOK FINANCIAL**

# Health Care Costs

A couple age 65 retiring in 2021 is estimated to need \$300,000 to cover health care and medical expenses throughout retirement.



Source: Kaiser Family Foundation Annual Employer Benefits Survey 2020.

# Eligibility & Enrollment

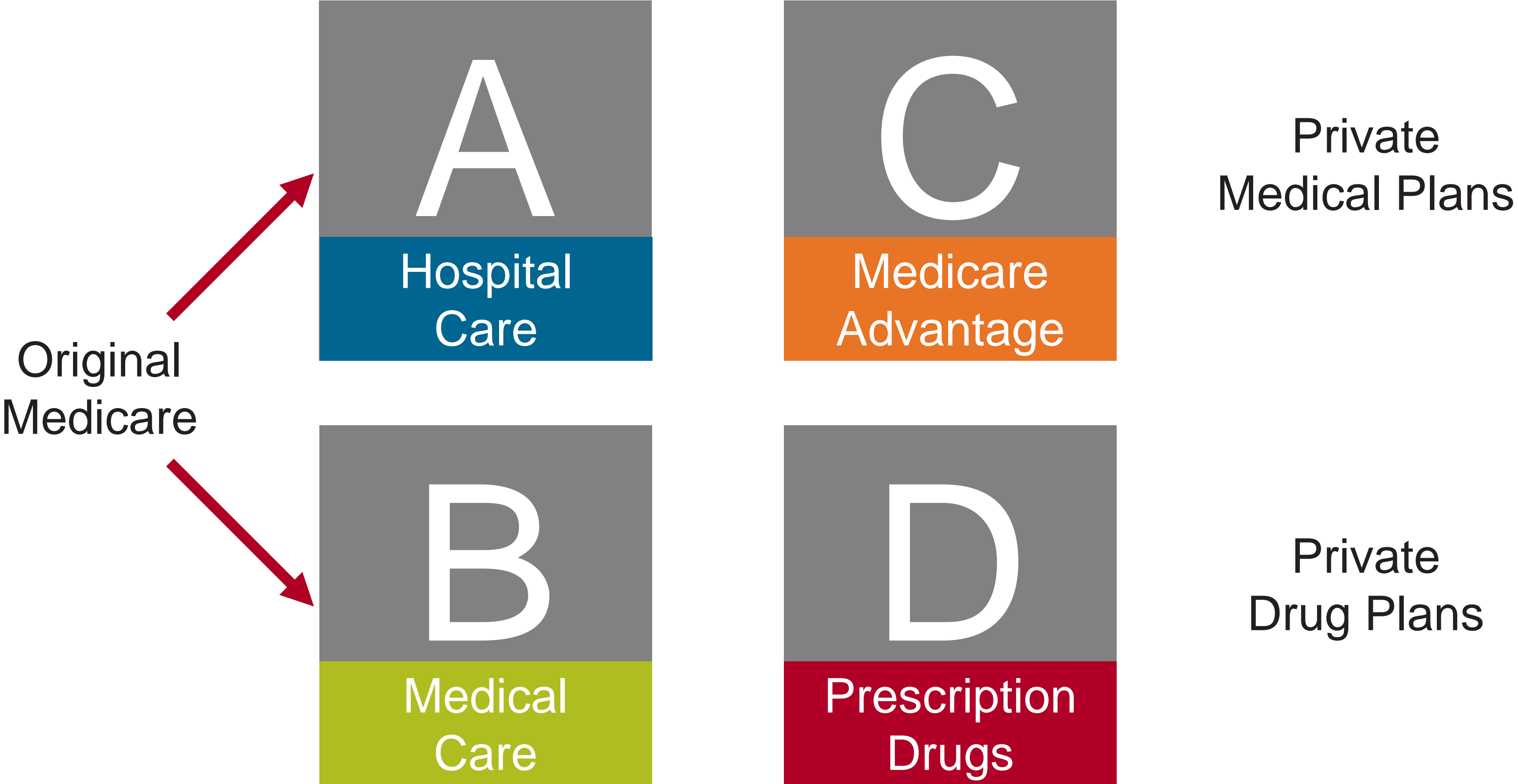
## Who can get Medicare?

- U.S. citizens and legal residents
  - 65 Years old
  - Under 65 with a Qualified disability
  - At any age with end-stage renal disease or ALS

## How do you Enroll?

- Turning 65 and receiving Social Security or Railroad Retirement benefits you will be signed up automatically for Medicare Parts A & B
- Under 65 and have received disability for 24 months
- Have ALS and start getting disability benefits
- Self enroll at a later date

# 4 Parts of Medicare



Choices aren't Permanent: As health care needs change, you can change plans to best meet them.



# Part A: Hospital Insurance

## Hospital Insurance

Inpatient hospital care

Inpatient mental health care

Skilled nursing services

Home health and Hospice care

Some blood transfusions

### Costs

- No monthly premium (in most cases)
- Deductible
- No out-of-pocket maximum

### Enrollment

- Can't be turned down because of medical history or a pre-existing condition

### Coverage

- Stays of more than 60 days require a daily co-payment
- Multiple stays may mean multiple deductibles
- Any qualified hospital in the U.S. that accepts new Medicare patients
- Hospital care outside the U.S. isn't usually covered

# A

## Hospital Care

Source: Medicare.gov

\*A benefit period begins the day your admitted to the hospital. It ends when you've been out for 60 days in a row.



# Part A Costs At A Glance

<b>Part A Premium</b>	Most people don't pay a premium.	\$0
	If you paid Medicare taxes for less than 30 quarters	\$471.00 Monthly
	If you paid Medicare taxes for 30-39 quarters	\$259.00 Monthly
<b>Part A Deductible</b>	For each benefit period	\$1,556.00
<b>Part A Coinsurance</b>	Days 1 – 60 for each benefit period	\$0
	Days 61-90 for each benefit period	\$389.00 Per Day
	Days 91 and beyond:	\$778.00 Per Day
	Beyond lifetime reserve days	All Costs

Source: Medicare.gov Your Medicare costs at a glance

\*If you worked and paid Medicare taxes through payroll deduction for at least 10 years, then you and your spouse will both premium-free Medicare Part A at age 65.

# Part B: Medical Insurance

Doctor and outpatient visits
Physician services
Outpatient hospital services
Ambulance
Outpatient mental health
Laboratory services
Durable medical equipment
Outpatient physical, occupational and speech-language therapy
Some preventive care

## Costs

- There is no maximum out-of-pocket
- Co-insurance-generally 20% of Medicare approved costs
- Part B has a monthly premium that is determined by income
- Joining post-initial enrollment period may mean a higher premium

## Enrollment

- Medical history or pre-existing condition doesn't matter

## Coverage

- Generally, care outside of the U.S. is not covered
- Can receive care from any participating physician who accepts new Medicare patients
- Some preventive health care is provided



# Part B Monthly Premium

Individual Return With Income	Joint Tax Return With Income	Monthly Premium Amount
\$91,000 or Less	\$182,000 or Less	\$170.10
\$91,001 - \$114,000	\$182,001 - \$228,000	\$238.10
\$114,001 - \$142,000	\$228,001 - \$284,000	\$340.20
\$142,001 - \$170,000	\$284,001 - \$340,000	\$442.30
\$170,001 - \$500,000	\$340,001 - \$750,000	\$544.30
\$500,001 and above	\$750,001 and above	\$578.30



**Reminder:**  
 Qualified Roth distributions  
 are **NOT** considered income!

Source: Medicare.gov. Individual income is based on most recent federal tax return Modified Adjusted gross income. 2022 Monthly Premium Amount

# Part A & B Coverage

What's **NOT** covered:

- Medicare Part A and Part B deductibles, co-insurance and premiums
- Medicare Part B excess charges (amounts billed over what Medicare agrees to pay)
- Prescription drug coverage
- Additional benefits

# Part D

## Covers:

Types of drugs most commonly prescribed for Medicare beneficiaries as determined by federal standards. (Including many recommended shots or vaccines).

Specific brand name and generic drugs on the plan formulary

## Costs

- Prescription drug coverage varies from plan to plan
- Catastrophic coverage protects from very high drug costs
- Benefits can change each year

## Coverage

- Each plan has a list of drugs it covers
- Make sure prescribed drugs are covered before enrolling
- The list of drugs can change each year

## Enrollment

- Coverage is not automatic
- Penalties may apply for late enrollment

## Part D Senior Savings Model

- Maximum co-payment of \$35 for a 30-day supply of insulin



Prescription  
Drugs

# Part D Coverage Levels

## Phase 1

### Annual Deductible:

You pay for your drugs until you reach your plan's deductible.

If your plan doesn't have a deductible, you move to the next stage.

## Phase 2

### Initial Coverage:

You pay a copay or coinsurance, and you plan pays the rest.

You stay in this stage until your total drug costs reach (\$4,430 in 2022)

## Phase 3

### Coverage Gap:

You pay 25% of the cost for both brand name and generic drugs.

You stay in this stage until your total out-of-pocket costs reach (\$7,050 in 2022)

## Phase 4

### Catastrophic Coverage:

You pay a small copay or coinsurance amount.

You stay in this stage for the rest of the plan year.



# Supplemental Plans (Medigap)

Medicare Supplement Insurance helps with:
Part A and Part B deductibles
Copays and Coinsurance
Provider excess charges
An additional 365 days of hospital care during your lifetime, beyond your Medicare lifetime reserve days
Blood transfusions (first 3 pints)
Foreign travel emergencies

## Eligibility

- Generally must be enrolled in Original Medicare Parts A & B
- Resident of the state in which someone is applying for coverage
- Age 65+ or disability

## Costs

- Helps with some of the out-of-pocket costs not paid by Medicare like deductibles and coinsurance
- Premiums vary based on the plan and insurance carrier

## Enrollment

- Everyone is guaranteed the right to buy a Medicare supplement insurance plan during the Open Enrollment Period
- Enrollment after the Open Enrollment Period can be denied based on health
- This period begins the first day of the month that someone is enrolled in Medicare Part B and you're 65 or older
- There are other situations when acceptance may be guaranteed.

# Supplement Insurance Plan (Medigap)

## Medicare Supplement Insurance plan

- Helps cover some of what Medicare Parts A and B don't (such as co-insurance, co-payments and deductibles)
- Offered by private insurance companies
- 10 different plans
- Benefits vary by plan
- Generally, the more comprehensive the coverage the higher the premium

# Supplemental Coverage

## Coverage

- No network restrictions and no referrals required
- Coverage may go with someone during a move or travel anywhere in the U.S.
- With some plans, someone has foreign travel benefit for emergency medical services
- Coverage is guaranteed to continue as long as someone pays his/her premium on time and has not made material misrepresentation on the application for insurance

# Part C: Medicare Advantage Plans

## Medicare Advantage Plan

Combines Part A & Part B and, in many cases includes Part D

Offered by private insurance companies

## Most Medicare Advantage Plans cover:

Prescription Drugs

## Medicare Advantage Plans may offer additional benefits such as:

Dental exams, cleanings and X-rays

Eye exams, eyeglasses and corrective lenses

Hearing tests and hearing aids

Wellness programs, fitness memberships and worldwide emergency coverage

## Eligibility

- Must be enrolled in Medicare Parts A & B
- Must live in plan service area
- Must not have end-stage renal disease

## Costs

- Plan terms, premiums, covered services, co-pays, deductibles and other out-of-pocket limits can change from year to year
- Must continue to pay Part B premium

## Coverage

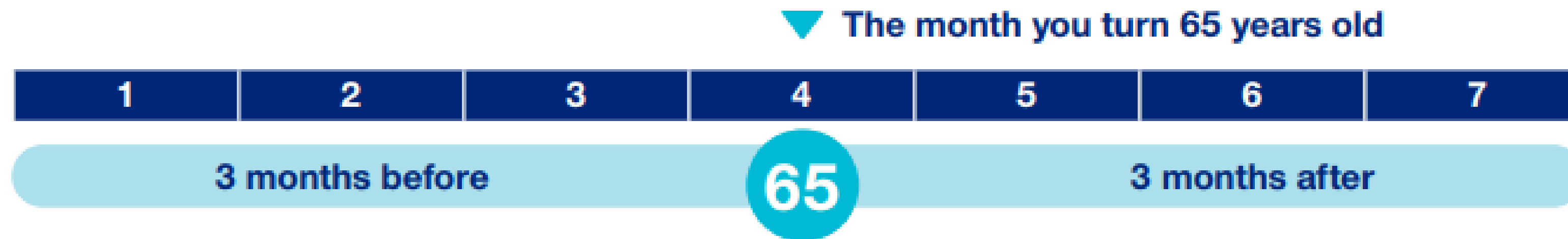
- Convenience of one plan
- Many plans include prescription drug coverage
- Must receive coverage in a service area (unless it's an emergency)
- Required to see in-network doctors and hospitals
- Many plans offer additional benefits not covered by Medicare

Medicare  
Advantage

# Enrolling in Medicare

## Initial Enrollment Period: 7 months

- The three months before their 65<sup>th</sup> birthday, the month of, and the three months after
- You will have 6 months to be guaranteed coverage in a Medicare supplement plan



## What if an individual doesn't enroll during this time

- You may apply at other times, but you could be denied coverage or charged a higher premium based on your health history
- You may qualify to delay Medicare enrollment if you have creditable coverage through your employer or spouse's employer



# Working Past age 65

## If working past age 65

- If employer has 20 + employees, you may be able to delay without penalty
- If employer has less than 20 employees, you will likely need to enroll in Medicare
- If you have an HSA, be aware that once you enroll in any part of Medicare (Part A) you can't continue to make contributions to the HSA
  - If you don't have an HSA, you can sign up for Medicare Part A as a secondary coverage
- Check with your employer's benefits administrator to learn more about your specific options
- Check that the employer doesn't require covered spouses to enroll in Medicare at age 65 in order to remain on the employer's plan



# The Choice Is Yours

You can choose from 2 paths

## Original Medicare

- **Part A:** Hospital
- **Part B:** Medical

You can add:

- **Part D:** A separate drug plan
- **Supplemental insurance**  
(Medigap)

## Medicare Advantage

- Combines **Part A:** Hospital  
**AND Part B:** Medical

Most plans include:

- Medicare **Part D**
- **Additional benefits**

# Questions to consider

When choosing between Medicare options, you may consider:

- Do I have a chronic condition?
- What monthly premium can I afford?
- How often do I visit the doctor?
- Can I see the doctors I want?
- Will my prescription drugs be covered?
- What will my out-of-pocket costs be?
- Can I use the pharmacies I want?
- Do I want coverage for dental, vision, hearing care services?
- Do I need help paying for Medicare?



# Medicare Website

The image shows a screenshot of the Medicare.gov website. At the top left is the logo "Medicare.gov". To the right are navigation links: "Basics", "Health & Drug Plans", and "Providers & Services", each with a dropdown arrow. Further right are "Log in" and "Search" buttons. The main content area features a large banner with the text "Remember to protect your Medicare card" and two buttons: "Protect Yourself/Learn How" and "Log in/Create Account". Below this is a green bar with the text "See how Medicare is responding to Coronavirus" and a "Learn More" button. At the bottom, there are four white boxes with icons and text: "Find plans" (with a briefcase icon and a red border), "Get started" (with a hand icon), "Find care providers" (with a binoculars icon), and "Want a new plan now?" (with a calendar icon). A mouse cursor is pointing at the "Find plans" box.

Medicare.gov

Basics ▾ Health & Drug Plans ▾ Providers & Services ▾

Log in

Search

## Remember to protect your Medicare card

Protect Yourself/Learn How Log in/Create Account

See how Medicare is responding to Coronavirus

Learn More

**Find plans**  
Find health & drug plans

**Get started**  
Learn about Medicare

**Find care providers**  
Compare hospitals,

**Want a new plan now?**

Feedback

# Important Information

## Medicare

- 1-800-MEDICARE
- [www.medicare.gov](http://www.medicare.gov)
- Administration on Aging 1-800-677-1116
- National Hospice & Palliative Care Organization [NHPCO.org](http://NHPCO.org)
- [AARP.org](http://AARP.org)

## Help with Medicare Costs:

- Medicaid
- Extra Help Program
- Medicare Savings Programs
- Program of All-Inclusive Care for the Elderly (PACE)
- State Health Insurance Assistance Program (SHIP)



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