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Your Retirement Checklist for the Big Three: Employment, Medicare, and Social Security

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Below is a checklist of common considerations for the three primary retirement decisions that will apply to almost all pre-retirees: employment benefits, Medicare, and Social Security. This checklist is not meant to be exhaustive about all the issues that may arise, but it provides an outline for you to consider when preparing for your big day.

Retiring From Your Employer

- [ ] **Retirement Plan Meetings**: Consider attending any employer-provided retirement planning meetings and include your spouse if appropriate. Determine if these meetings involve home office officials who are providing the information or a referral to an outside retirement planning operation. Also, employers will often have benefits sessions in which representatives from the benefit plan providers (401(k), 403(b), health insurance, etc.) are available to answer questions. These may be particularly helpful as you approach your retirement date.

- [ ] **Defined Benefit Plans**: Ask your employer for an estimate of monthly benefits under different scenarios: 1) at your retirement date, 2) at a later date, 3) with and without the spousal benefit, etc. For most traditional defined benefit plans, you'll be receiving a monthly benefit payment. However, if your plan is a cash balance defined benefit plan, you'll usually be able to receive either a lump sum or an annuity, and it is common for retirees to elect a lump sum. If you're retiring from the military, determine if taking a lump sum will affect your other retirement benefits.

- [ ] **Defined Contribution Plans**: You should normally receive an annual statement from your employer, called a lifetime income disclosure. This document provides a rough estimate of what amount of income your defined contribution plan would pay as an ongoing benefit. Provide this information to your retirement planner to help further refine retirement income planning. Also, at least six months before your planned retirement, determine the process for handling your defined contribution plan. The process varies by both employer and kind of plan involved. Determine the costs involved in keeping your plan with the employer versus rolling the plan over or taking a lump sum. If annuities are one of your plan assets, find out what options you have for the annuity at retirement.

  Review the tax nature of the assets in your plan. Are they pre-tax (for example, traditional 401(k)s and profit-sharing plans), or after-tax (for example, a 401(k) Roth account)? If any of your plan assets include company stock, determine if you qualify for Net Unrealized Appreciation treatment, including determining the basis in the stock. If part of your qualified plan assets are in an ESOP, inquire regarding your options concerning taking stock versus taking in cash. If your plan assets include life insurance, request an accounting of your Table 2001 contributions to basis.

- [ ] **Lost Employer Retirement Plans**: As part of SECURE 2.0 Act, a **Retirement Savings Lost and Found database** has been set up, which is meant to help workers find their missing workplace retirement plans.

Retiring From Your Employer Continued ...

- [ ] **Health Insurance**: Your interaction with your employer's health insurance plan is dependent on 1) whether you (and your spouse) can continue your health plan after retiring, 2) whether you want to continue this coverage, 3) how this plan coordinates with Medicare, and 4) whether you are retiring from your employer before, at, or after you turn age 65.

    - If you are retiring younger than age 65, you will either need to go on your employer's retired employee health plan (if available), utilize COBRA, switch to your spouse's health insurance plan, or go on Health Insurance Marketplace® (a.k.a., the Exchange) to obtain individual coverage.
    - If your retirement is tied into turning age 65, you must comply with the initial enrollment requirements, which usually means signing up for Medicare shortly before you retire.
    - If you are planning to work past age 65, you still need to review your medical coverage with your company. Your employer may force you to switch to Medicare at 65. Even if you continue to stay on your employer's plan, you still may need to sign up for Medicare at age 65, depending on the size of your company.
    - If you are over age 65 when you are ready to retire, you will need to coordinate next steps, particularly with the Medicare initial enrollment period following leaving employment.

- [ ] **Other Health-Related Insurance**: You may be able to continue your dental insurance and/or vision insurance. Determine what, if anything, happens with your employer-provided, long-term care insurance.

- [ ] **Life Insurance**: Your group term life coverage will likely cease at retirement. However, you may have purchased supplemental individual insurance that you are entitled to continue or convert. Federal government employees and military service members have special life insurance opportunities at retirement.

As part of your planning, set up a meeting with your human resources department to determine your benefits, options, and termination of employment process. Often, once you notify your employer of your intentions to retire, they will have a pre-established, formalized process for you to follow. Be sure to provide adequate notice to your employer so you have time to determine the right steps to take as you retire. This may include decisions, such as what to do with any excess paid time off (PTO), vacation, sick days, etc.

Medicare

For many retiring employees, enrolling in Medicare is more than a one-time event. For example, you may be enrolling for Part A coverage at a different time than Part B or Part D. If you are planning to retire after age 65, when you turn 65 you will still want to determine your options. It is often, although not always, advantageous to enroll in Medicare Part A at 65, even though you will continue your medical coverage under your employer plan.

- [ ] Begin your review at least six months before turning age 65.

- [ ] If you have not already done so, start by going to **SSA.gov** to set up an account. On the screen, under Apply is a choice for Sign up for Medicare. Remember: You can only sign up for your own Medicare, not your spouse's benefit.

- [ ] At least six months before turning age 65, begin the process by determining your personal plan for Medicare: staying with your employer's plan, Original Medicare or Medicare Advantage, etc. There are additional resources for these decisions, including Medicare specialists or the State Health Insurance Assistance Program (SHIP).

- [ ] If signing up at age 65, comply with the seven-month window for the initial enrollment period. Also, if you are signing up for a Medicare Supplement and/or Medicare Part D coverage, comply with their initial enrollment periods.

- [ ] If you intend to continue working past age 65, you should still begin researching your options at least six months before turning age 65.
    - Determine if your employer plan will continue once you turn age 65.
    - Confirm whether your employer's health plan will qualify as primary coverage and determine whether Medicare or your employer plan is better for you.
    - Generally, you should still sign up for Medicare Part A at 65. However, if contributing to a health savings account (HSA), you may want to delay signing up for Part A.
    - NOTE IF MARRIED: Consider your spouse's healthcare situation in planning for your medical insurance coverage. This may influence whether you stay with your employer's coverage or enroll in Medicare.

Social Security

Filing for your Social Security retirement benefit does not have to coordinate with the date you retire from your employer. You may end up filing for your benefits at the same time as you retire, to secure an ongoing income, but you should make that decision only after researching your options. Likewise, enrolling in Medicare does not have to coordinate with filing for Social Security retirement benefits. However, if you are receiving Social Security benefits, you will automatically be signed up for Medicare. Pay attention to how these two government benefits will coordinate in terms of monthly benefits.

- [ ] Well before retirement, go to **SSA.gov** and create an account. Sometimes there can be mistakes concerning name changes, employment history, etc., so it is a good idea to sign up as soon as possible.
- [ ] In your account, review your earnings history for accuracy.
- [ ] If you file for your Social Security retirement benefits before your full retirement age (FRA) — listed at SSA.gov — factor in the earnings test in calculating the benefit you expect to receive.
- [ ] The Social Security website provides benefits estimates. It also has calculators for advanced applications. This is a good place to start to determine your likely benefits.
- [ ] Consider using commercially available Social Security software to determine:
    - The most accurate benefit estimate based on your circumstances
    - When to file, factoring in your spousal situation, health status, and other retirement income sources
    - How to coordinate filing with your spouse
- [ ] If you are already on Medicare, consider how your Social Security monthly payment will be reduced by Medicare premiums and income-related monthly adjustment amount (IRMAA).