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TSCL
Defending Your Earned Benefits

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SPECIAL EDITION—BEST WAYS TO SAVE

The Inflation Fight—Who's Winning?

Getting your household budget headed in the right direction after more than two years of historic inflation is priority number one for retired Americans and TSCL. Roughly half the participants in TSCL's most recent Senior Survey, 53%, are worried their Cost-of-Living Adjustment (COLA) this year would still fall short of inflation. That's because their household costs in 2022 rose more than the 8.7% COLA-boosted Social Security income in 2023.

In 2022, food costs topped the list as the fastest-growing costs for 63% of our survey participants, with housing costs topping the list for 20% of senior households. While there are signs inflation is moderating, surprise price hikes have made for a bumpy ride back to more reasonable prices. That's why TSCL put together this special issue of *The Social Security & Medicare Advisor* with tips and ideas on how to make the most of your retirement income, get more for your money, and avoid wasting scarce resources.

We hope you can use a few of the ideas you find here to lower costs and live better in retirement. ■

DOWN TO ONE MEAL A DAY?
Check Out These Senior Food Programs!

During the peak inflation period from 2021–2022, nearly half of all older households participating in TSCL surveys, 47% of older Americans, reported that they had applied for SNAP (food stamps) or visited a food pantry in the past 12 months. This was over double the number of older Americans who were "food insecure" (about 20%) before 2020.

While that alarming number has come down somewhat, more than 35% continue to report that they have applied for SNAP or visited a food pantry in TSCL's survey conducted from mid-January through March of 2023.

There are free senior food programs located across the country. Here's a brief description of some of the most common types according to Feeding America®, the largest hunger-relief organization in the U.S.:

- **Commodity Supplemental Food Program (CSFP)—** this federal program provides monthly food boxes to people ages 60 and older.

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- **Senior Food Box Programs—**through local food banks, these programs include monthly juice, cereal, canned foods, and refrigerated cheese.
- **Senior Food Pantries—**allow you to shop for free groceries. Check your local food bank and food pantries for special hours for seniors.
- **Home Delivery—**available from food banks, food pantries, or your local Meals on Wheels program. There may be specific income or health requirements to qualify.
- **Senior Farmer's Market Programs—**These programs may host a farmer's market or give vouchers to help you buy fresh produce from local farmer's markets.
- **Mobile Food Pantries—**bring food to senior centers or other community centers in your area.
- **SNAP—**provides money each month to buy groceries at your grocery store. Your local food bank and food pantry may be able to help you with a SNAP application.

You can search for your local food bank online by zip code. For more information about Feeding America® and the above programs, visit https://www.feedingamerica.org/hunger-in-america/senior-hunger-facts. ■

Resource: Feeding America® is the largest hunger-relief organization in the United States. Through a network of more than 200 food banks, 21 statewide food bank associations, and over 60,000 partner agencies, food pantries, and meal programs, Feeding America® helped to provide 5.2 billion meals to tens of millions of people in need last year. Visit www.feedingamerica.org, find on Facebook, or follow on Twitter.

The $900 Medicare Grocery Allowance! Is This Legit?

Q: I keep seeing ads for $900 in Medicare-covered grocery allowance. Is this legit?

A: They're everywhere! TV and internet ads that hype as much as $900 in free groceries—a Medicare-covered healthy food allowance. But is this claim true?

Not exactly. In fact, for now, we rank it along with sightings of Bigfoot, for questionable claims—at least for most of us.

Medicare doesn't provide money for grocery purchases, but some Medicare Advantage plans might. However, finding a plan and qualifying for the benefit may be much more difficult than the ads lead you to believe. Here's why:

- You must enroll in the specific Medicare Advantage plan which offers the benefit.
- Only a very small number of Medicare Advantage plans offer grocery benefits.
- Only certain individuals with serious health conditions qualify, generally for those who are very low-income and/or very sick.
- Qualifications vary by plan.
- You must live in the plan's service area to get the food allowance card.
- The allowance is only available at certain participating grocery stores, which may vary by state.
- Ads appear to exaggerate the number of benefits most people can expect to receive. (No surprise.)
- Medicare Advantage plans are subject to change each year.

TIP: Before enrolling in any Medicare Advantage plan, you need to learn these essentials:

- The plan's service area and whether your doctors, hospitals, and pharmacies participate.
- Co-payments, deductibles, premiums, annual out-of-pocket maximums. (In 2023, that maximum can be as high as $8,300.)
- Whether the plan covers the prescription drugs that you take.

If your income is low, you may qualify for SNAP (food stamps) or a senior food assistance program, or Meals on Wheels. For more information, get in touch with your Area Agency on Aging, or to learn more about benefits and programs that can help you save money on healthcare, prescription drugs, food, transportation, and more, try BenefitsCheckUp®, a project of the National Council on Aging. ■

Resource: BenefitsCheckUp® is the nation's most comprehensive online tool to connect older adults and people with disabilities to benefits. This online screening tool makes it easy to see if you may be eligible—and then helps you find out where to apply online or how to get help from a benefits counselor. Online: https://benefitscheckup.org.

FIXING UP A HOME?

Tax Breaks and Rebates Available for Energy-Saving Home Renovations

In 2023, older homeowners can potentially knock thousands of dollars off their tax bill through tax credits for qualified renovations to make homes more energy efficient. You can find information about how the credit works on the IRS website. Look for the Energy Efficient Home Improvement Credit and the Residential Clean Energy Property Credit. Each can be worth 30% of the costs of certain qualified expenditures. For example:

- Up to $250 per door to replace exterior doors, a total of $500.
- Exterior windows and skylights, up to $600.
- Insulation materials or systems, 30% of costs.
- Residential energy items up to $600 for each of central air conditioners, water heaters, furnaces, and improvements to electric panel boards.
- Heat pumps and water heaters, 30% of costs, including labor.
- Home energy audits, 30% of costs up to $150.
- Rooftop solar panels and battery storage, 30% of costs.

There are certain yearly tax credit maximums, but the IRS has a fact sheet with frequently asked questions about the two tax credits and examples of how they work. Here are some things to keep in mind:

- As with any major purchase or renovation, it's essential to do careful advance planning and budgeting. That includes educating yourself about what you need to do to qualify for all the tax credits, rebates, and the limits to what you can claim.
- Save yourself time and confusion by reading IRS guidance about tax credits before calling vendors and contractors. YouTube, Facebook, the company selling heat pumps, or the guy with the solar panels are not tax advisors. That job belongs to the IRS and your tax advisor.
- Protect yourself from scams and offers too good to be true. Don't be rushed into anything. A trustworthy service provider will take the time to visit your home and provide an estimate of the job and costs of any equipment and supplies required. It could mean a better job for both of you.
- Save receipts and canceled checks to claim the tax credits. Set up an Excel or paper bookkeeping spreadsheet and file folders to document each home improvement expenditure you plan to claim for a tax credit. You will need this information at tax time, and you will thank yourself later for doing this now. ■

Resource: IRS guidance: https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022

What You "Know" About Automotive Maintenance May Not Be True

From the frequency of oil changes to the need to take your vehicle to the dealer to prevent voiding a warranty, much of what you have learned about automotive maintenance may not be true. Consequently, you may be spending more than you need to keep your vehicle on the road and trouble-free. Here are six common misconceptions:

- **"You need to change your oil every 3,000 miles."** Engine oil today contains lubricants and additives that extend the life of the oil. For vehicles manufactured 15 years ago or more recently, oil changes are recommended 5,000 to 7,500 miles. Some types of oil might go even further. *Check your vehicle manufacturer's maintenance schedule.*
- **"Tires should be inflated to the pressure embossed on the tire's sidewall."** The figure on the sidewall is the maximum pressure, not the recommended tire pressure. *Instead, check the manufacturer's recommended pressure, usually printed on a sticker on the driver's door jamb or inside the fuel-filler door.* Check tire pressure monthly and try to do so when the tires are cold or out of the sun.
- **"Vehicle servicing at independent repair shops will void your warranty."** Federal law gives you the right to service your vehicle wherever

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you like without affecting your warranty coverage. (If you are driving a leased vehicle, you may be required to have all services performed at a dealership.) Keep a service record and save your receipts to prove what was done and how much it costs. Maintenance specified in the owner's manual and done according to the prescribed schedule should not void the warranty.

- **"A car battery lasts for five years."** A car battery lasts 3–5 years but driving habits and climate affect battery life. *If your battery is approaching the 3-year mark, get it tested.*
- **"You don't need to replace tires until the tread reaches 2/32".** According to research by AAA, tire performance in wet weather deteriorates significantly at 4/32", and vehicles would need additional stopping room, putting you at unnecessary risk for a crash. *Consumers should replace tires before they reach 2/32".*
- **"Premium gasoline is better for your car and will improve its performance."** A higher-octane fuel doesn't mean your vehicle will perform better; it simply means that it's more resistant to engine knocking or pinging. *Use the octane grade recommended in your vehicle's owner's manual.*

While there are plenty of misconceptions about auto maintenance, reading your vehicle manufacturer's maintenance manual and getting the recommended services will help you keep your car running smoothly. ■

Resource: Consumer Reports—*https://www.consumerreports.org*

HEALTHCARE COSTS
Two Ways to Get Paid as a Family Caregiver

Medicare doesn't cover most in-home caregiving expenses, which can be prohibitively expensive over the long term. As a result, it's very common for family and adult children or close friends to serve as unpaid caregivers for someone frail, elderly, disabled, and/or with developing dementia issues. According to the Family Caregiver Alliance (FCA), nearly 80% of adults who live at home and receive long-term care assistance depend solely on relatives and friends.

Here are two ways to get modestly compensated or reimbursed for caregiving:

1 Get paid by Medicaid. Providing unpaid care isn't an easy task, emotionally or financially, since many people in this role still need to make ends meet. However, if you are a caregiver, you might be able to get paid by Medicaid if the person needing care is already receiving Medicaid or is found eligible for the program. All 50 states and the District of Columbia offer programs that allow family caregivers to receive some financial compensation. There are multiple types of programs, and eligibility requirements vary. Contact your state Medicaid office for more information.

2 Claim tax deductions and tax credits for eligible caregiving services. Keep good records and receipts of expenses when providing care for others. It may be worth your while to consult a tax advisor when you expect to provide a lot of care.

Tax Credit for Other Dependents. This *credit* allows taxpayers to claim up to $500 as a nonrefundable tax credit (in effect through the 2025 tax year) if the other dependent meets IRS requirements. That can include elderly parents that you care for and who depend on you for more than 50% of their living expenses.

Deduct a dependent's medical expenses that you paid for. You can deduct money you paid to cover a loved one's unreimbursed medical expenses if the expenses you list for yourself, and the other dependents claimed total more than 7.5% of your adjusted gross income for the year and if your total itemized deductions are more than your standard deduction. (Check IRS Publication 502 to learn what is and isn't deductible.) ■

Resource: Family Caregiver Alliance https://www.caregiver.org/caregiver-resources/faq/

Five Things You May Not Know About Taxes After Retirement

Older adults are often surprised by tax traps in retirement. Here are five things you should know about taxes that can help you plan better.

- **Your tax rates aren't always lower.** One of the most common misconceptions about taxes in retirement is that tax rates will likely be lower than when you were working. But some retirees whose investments have grown or who have pensions and other sources of income may not see much of a drop in their tax rate. Some could even wind up in a higher-than-expected tax bracket. Tax rates could also change and be higher in the future.
- **It may be harder to deduct medical expenses.** One of the first decisions taxpayers make when filing a tax return is whether to itemize or take the standard deduction. Taxpayers may only deduct medical expenses that exceed 7.5% of their adjusted gross income (AGI) before any deduction. Often standard deductions save more, especially when retirement income is modest. The standard deduction is $27,700 (married couples filing jointly) and $13,850 (single filers). In addition to the standard deduction, there is also a deduction for those aged 65 and up and those who are blind. If you're at least 65 years old or blind, you can claim an additional 2023 standard deduction of $1,400 if married filing jointly or $1,750 if using the single or head of household filing status. The additional deduction amount is doubled if you are both 65 and blind. Medicare premiums are deductible if you reach the 7.5% of AGI threshold. Here is the IRS list of deductible medical expenses: https://www.irs.gov/taxtopics/tc502
- **Up to 85% of Social Security benefits can be taxable.** According to a background brief from the Congressional Research Service, approximately half of all Social Security beneficiaries owe income tax on a portion of their benefits, and that number is rising. In 2020, the Congressional Research Service estimated that beneficiaries would pay about 6.6% of their Social Security benefits in federal income taxes—a portion TSCL expects to climb this year. Social Security recipients can owe taxes on up to 85% of their Social Security benefits when their "combined income" is greater than $25,000 (single filers) or $32,000 (couples filing jointly). Colorado, Connecticut, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, Rhode Island, Utah, and Vermont impose income taxes on Social Security benefits. The remaining states and the District of Columbia do not. Among those states that do tax Social Security benefits, many offer exemptions for older taxpayers based on age or income.
- **The age for starting Required Minimum Distributions (RMDs) from retirement savings plans is now 73.** Your RMD is the minimum amount you must withdraw from retirement accounts each year. You may have to pay a penalty if you fail to take your RMD on time or fail to take the correct amount. You generally are required to start taking withdrawals from your IRA, SEP IRA, SIMPLE IRA, or retirement plan if you reach 73 in 2023. Your first RMD must be taken by April 1 of the year after you turn 73, but you will still need to take a second RMD by December 31 of the same year. Subsequent RMDs must be taken by December 31st of each year.
- **When a spouse dies, you will lose about 50% of your standard exemption.** Your filing status can determine how much you will pay in taxes. The U.S. tax code has a filing status that can save money on taxes in the year when a spouse dies and the surviving spouse has not remarried—Qualifying Widow(er). Generally, those who qualify for this status can still use the standard deduction that would be used for a married couple filing jointly. But the IRS considers your filing status as "single" if you were widowed before the tax year and have not remarried, meaning you lose the higher standard exemption and could pay more in taxes. ■

Is Dental Insurance Worth the Cost?

Dental care is one of the fastest-growing retiree costs, growing by more than 16% through 2021. Unfortunately, Medicare doesn't pay for most dental services, and it's no coincidence that over half of all older adults in the U.S. lack dental insurance and receive no dental care because of cost. While neither Medicare nor Medigap plans offer dental coverage, older adults may be able to buy dental insurance or, at the very least, join a dental discount plan that might help lower certain costs. Here are the basics to help avoid unexpected expenses at the dentist.

- **While Medicare doesn't cover most dental costs, many Medicare Advantage plans offer some type of dental coverage.** If enrolled in a Medicare Advantage plan, check the type of dental coverage offered. You may also want to compare individual policies sold by other dental insurers. Ask for dental insurance plans for seniors.
- **Dental insurance works differently.** Health insurance protects you from high out-of-pocket costs and often has an out-of-pocket maximum that limits what you pay. With most dental insurance, you purchase a simple dollar amount of coverage such as $1,000 or $1,500. Many dental plans come with deductibles of $50–$100. Unlike health insurance, which may cover much of your cost once you've paid your deductible, dental plans tend to pay 100% only for preventive care such as exams, X-rays, and basic cleanings but pay less for more complicated services. For example, 80% for fillings, root canals, and extractions, but only 50% for the priciest procedures such as crowns, bridges, implants, and gum disease treatments. When comparing plans, anticipate your changing needs.
- **Plans that charge the least are often the most restrictive about which dentist you must see.** First, check the type of dental plan. Dental HMOs and even PPOs require patients to use dentists who participate in the plan networks to get savings. Find out which dentists accept your coverage and whether you need to switch dentists. Beware of dental practices that advertise that they "accept most insurances." Get an estimate before receiving services.
- **Review the plan for waiting period rules.** You may need to wait one or two years to receive the costliest services in some dental plans, and your portion of the cost could still be 50%. If you know you need extensive work soon, look for fixed-price dental plans with no waiting periods, no deductibles, or dollar maximums.
- **Look for free or low-cost dentists.** Some nonprofit or Medicaid-funded programs provide free or reduced-cost dental services based on income. However, the services are in high demand, so you may need to get onto a waiting list. Check with local dentists to learn if they offer low-cost care one day of the month. Also, check with your local free healthcare clinics, Area Agencies on Aging, or United Way to get contact information for programs in your area. ■

THIS IS NOT A PAID ADVERTISEMENT

23% of TSCL Survey Participants Use GoodRx Coupons, and So Do I

By Mary Johnson, Editor

One out of four Medicare beneficiaries have discovered the value of using GoodRx coupons as a backup to Medicare drug coverage, according to a surprise finding in TSCL's 2023 Senior Survey, and so have I. This story *is not* a paid advertisement. TSCL does not accept funding from pharmaceutical companies, pharmacies, or GoodRx. However, we do spread the word on ways older consumers save on prescription drug costs.

I recently tried GoodRx when my doctor prescribed the brand drug ADVAIR. My Medicare drug plan quoted $475 for a 90-day supply. On the other hand, GoodRx offered a discount coupon for as

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low as $63 per month, or $189 for a 90-day supply of the *generic*—(fluticasone propionate and salmeterol inhalation powder)—a savings of $286! The generic wasn't even covered by my drug plan. Instead, I tried GoodRx and asked my doctor to phone in the prescription to the lowest-costing retail pharmacy (a local Kroger).

The savings turned out to be as advertised, and that was especially helpful when I learned that I did not tolerate either the brand name sample or the generic version of ADVAIR. GoodRx helped me try a new medication for a few weeks without the risk of spending hundreds of dollars on a drug that did not work for me.

Used correctly as a backup to Medicare drug plans… GoodRx coupons and cards can help older adults find potentially significant savings.

In January, I refilled a standard prescription for an albuterol inhaler. My drug plan co-pay was estimated to cost $34.42 each. GoodRx offered coupons for about $22 each. I opted to use GoodRx instead of my drug plan and thus avoided using any of my drug plan's coverage. When you use GoodRx instead of your drug plan, the prescription cost is straight out of pocket. Nothing is counted toward your drug plan deductible (as much as $505 in 2023) or towards the out-of-pocket required to reach the catastrophic threshold when Medicare steps in and pays most of the cost.

Here's how to use GoodRx:

- Visit the website https://www.goodrx.com where you will be prompted to enter a medication. GoodRx compares drug prices by pharmacies in your area to find the current price and discount. (Compare that cost to your current expected co-pay under your drug plan. If a better deal, go to next step.)
- Get free coupons. You can get coupons to print and take with you or on your smartphone.
- Ask your doctor to phone in the prescription to the pharmacy you choose or ask for a copy of the prescription to take with you.
- Check the cost before filling and enjoy your savings.

It's almost impossible to compare prescription drug prices the way we can compare the price of over-the-counter medications (such as Mucinex). With the potential for significant savings through GoodRx, I've started to include searches of GoodRx coupon prices when comparing drug plans and drug costs with friends and neighbors on the Medicare.gov "Drug Plan Finder."

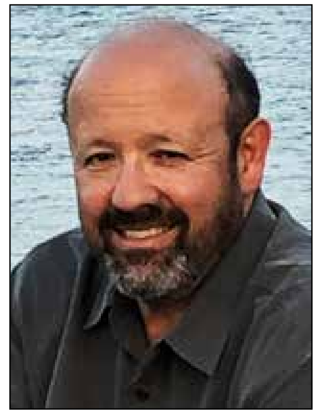
I help friends and family with this price comparison task during the Medicare Open Enrollment Period in the fall. Even with Medicare's "Drug Plan Finder," the best we can do is to get an estimate of drug costs. The actual cost can change the following year, and the drug plans may drop coverage altogether. The more prescriptions you take, the harder it is to find a single plan that covers all the drugs with a reasonably low price on all drugs.

Thus, GoodRx provides a valuable backup to existing Part D coverage. That doesn't mean you can drop your Medicare drug plan coverage. To avoid permanent penalties of 12% per year, you will need to stay enrolled, but you might be able to opt for less pricey plans with the strategic use of a GoodRx card as a backup.

TSCL's surveys have found that as many as 25% of older adults don't fill prescriptions due to cost. Used correctly as a backup to Medicare drug plans, I think GoodRx coupons and cards can help older adults find potentially significant savings. These discounts may also help seniors who find their drug plan deductible, which can be as high as $505 this year, a barrier to filling their prescriptions. Hopefully, by lowering the cost of prescription drugs, more of you will be able to pick up your prescriptions this year and enjoy better health.

NOTE: *TSCL does not recommend going without prescription drug coverage! Doing so could lead to permanent premium penalties should you want to enroll in the future. GoodRX and other drug discounts cards should only be used as a back-up tool to lower costs and enhance access to affordable medications.* ■

Get Your Retirement Back on Track



Mark Miller, author of Retirement Reboot *and* The Hard Times Guide to Retirement Security

Veteran financial journalist Mark Miller's new book, *Retirement Reboot: Commonsense Financial Strategies for Getting Back on Track,* serves as a guide for the millions of Americans who aren't financially prepared for retirement. He offers insight on how to make the most of remaining working years and explains core decisions that can improve a person's retirement outcomes—even if retirement is just a few years away.

In our Q&A below, Mark discusses the problem of complexity in the U.S. retirement system, what can be done to improve retirement outcomes, and recommendations for people who are already retired.

Q: *You write in* Retirement Reboot *that complexity is the enemy when it comes to building toward a financially secure retirement. Why?*

A: The United States has built a set of systems for retirement that calls for expertise and knowledge beyond what is reasonable to expect from the average person.

The complexity of these systems makes it harder for individuals to make fundamental personal decisions about their own retirement planning—everything from saving and investing to figuring out the right time to retire and claim Social Security. Transitioning from employer health insurance to Medicare can be a challenge. And there's the challenge of protecting yourself from the risk of a long-term care need. The list just goes on and on.

Q: *What is one of the simplest things people can do to stretch retirement savings?*

A: This really is an example of the complexity I'm describing. Retirement researchers have debated endlessly what constitutes a "safe" withdrawal rate from retirement accounts. Morningstar's latest research pinpoints 3.8 percent as a safe starting rate for retirees seeking a fixed real withdrawal over a 30-year time horizon. But to me, this question illustrates the complexity we were just discussing. We've made a shift away from defined benefit pensions, which provide a guaranteed lifetime income source, to tax-deferred retirement savings solutions, like 401(k) accounts. Drawdown strategy involves some guesswork. Tell me how long you'll live, and I'll tell you how to stretch your savings across your entire retirement!

Q: *What are some of your top recommendations for those already in retirement?*

A: Far more retirees could benefit from the help of a financial planner—if they hire the right kind. Financial decision-making is more complex in retirement than it is during your working years when the main goal is to save. What you want is a fee-only Registered Investment Advisor who represents you as a fiduciary in all situations. I have a chapter in the book that explains the best way to hire a planner.

Beyond that, I think it's very important to have a sense of purpose in retirement. Whether you work as a volunteer or part-time for pay, using some of your time in retirement this way pays big dividends for your own health and mental well-being. Researchers have found that about one-third of older adults are pursuing goals of purpose and that the activities span all educational backgrounds, socioeconomic circumstances, genders, and regions. They also find that purposeful living doesn't crowd out more self-oriented leisure pursuits—just the opposite, in fact. People who pursue purposeful activities in retirement are more likely to also pursue learning and leisure opportunities than those who don't live with purpose.

Want to learn more? Visit Mark Miller's website Retirement Revised: https://retirementrevised.com/retirement-reboot/. ■

Mark Miller is a popular columnist who writes about the personal finances of aging and retirement issues for the New York Times, Reuters, and Morningstar.

Before making any major financial decision, always check with your personal financial advisor.

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