

Glossary of terms



For Medicare, affordable health care, nursing home, financial and estate planning issues.

A

1035 exchange – a tax-free transfer of an annuity contract from one insurer to another.

401 (k) plan – a plan offered by an employer that lets employees make contributions to a retirement savings plan on a pre-tax basis, sometimes fully or partially matching these contributions.

ACA affordable Care Act – passed in 2010. (also known as “Obamacare.”) Full name is the Patient Protection and Affordable Care Act (PPACA).

activities of daily living – activities of daily living consist of bathing, toileting, continence, dressing, eating, and transferring.

adjusted gross estate – the value of all property included in an estate for estate tax purposes, less allowable debts and expenses.

adjusted gross income (AGI) – the amount of income obtained after subtracting allowable adjustments from the total income received. These adjustments include contributions to an IRA, paid alimony, moving expenses, and contributions to Keogh accounts.

administrator\administratrix – a person who carries out the administration of an estate of a person who dies without a will. Their duties correspond to that of an executor.

after-tax dollars – refers to the amount of money remaining after taxes have been paid on it.

allowed amount – maximum amount on which payment is based for covered health care services. This may be called “eligible expense,” “payment allowance” or “negotiated rate.” If your provider charges more than the allowed amount, you may have to pay the difference.

anniversary date — the anniversary of the date on which an annuity starts or becomes effective. Index annuities calculate annual yield by taking the difference in the S&P 500 between anniversary dates.

annual percentage rate (APR) — the cost of a consumer loan expressed as a basic, yearly percentage amount.

annual reset — a way of calculating annual yield for an index annuity in which the baseline from which growth is measured resets every year. With an annual reset, previous years' growth is never lost.

annuitant — the individual whose life expectancy is used to determine the term of income payments to be made under an annuity contract; generally, but not necessarily, the person who receives this income. The annuitant cannot make premium deposits or cancel the contract, and has no say over the terms of the annuity or when to withdraw money. The annuitant must typically sign the contract.

annuitant-driven — annuity contracts with provisions that trigger upon the death of a designated individual (annuitant). Besides death, an annuitant's reaching of a certain age or becoming disabled, can trigger contract provisions.

annuitization — the process of converting an annuity contract's value into an income stream represented by periodic payments made over a specified period of time.

annuity — refers to the payments made on a periodic basis to an individual under an annuity plan. The payments are generally provided until the individual dies.

adult day care — a place that provides a program of activities and services to individuals in need of long-term care. It is a helpful option for individuals living at home whose family caregivers work during the day and who require someone to be with them throughout the day.

alzheimer's disease — a progressive neurological disease that affects brain functions, including short-term memory loss, inability to reason, and the deterioration of language and the ability to care for oneself.

assignment — an agreement by your doctor, provider, or supplier to be paid directly by Medicare, to accept the payment amount Medicare approves for the service, and not to bill you for any more than the Medicare deductible and coinsurance.

assisted living facility — a licensed residential facility that provides room, board and 24-hour personal care to individuals with long-term care needs. It is an important care option for individuals who are not able to manage at home, but do not need the level of skilled care provided in a nursing home.

B

bathing – washing oneself by sponge bath, in either a tub or shower. This activity of daily living includes the task of getting into or out of the tub or shower.

basis point – a unit of measure, with 100 basis points being equal to one percentage point.

bed hold – a benefit that may or may not be included in a long-term care insurance plan that pays for reserving your bed in a care facility should you need to be hospitalized during a covered stay.

before-tax dollars – amounts of money that have not been subjected to taxation.

beneficiary – someone who receives benefits or funds under a will or other contract, such as an insurance policy.

benefit amount – the amount that your policy will provide to cover your needs on a daily or monthly basis.

benefit period – the minimum period of time (years) you can expect your coverage to last.

bequest – personal property given by will.

bond – a form of debt created by an institution that wants to borrow money. Buyers of bonds receive periodic payments of interest, with the principal amount of the bond typically repaid as a lump sum by a specified date.

bonus annuity – the amount added by an insurance company to the premium payments of fixed or deferred annuities. Usually imposed as additional interest or principal in the contract's first year and totals between 1% to 10%.

C

care coordination services – services such as information, advice, and development of a plan of care by a professional care coordinator.

caregiver – the person who helps you accomplish basic everyday activities you can no longer manage without assistance, due to illness, injury, or cognitive impairment.

charitable gift annuity – an annuity received by an individual when the individual sells property to a charity in exchange for the annuity.

children's health insurance program (CHIP) insurance program jointly funded by state and federal government that provides health coverage to low-income children and, in some states, pregnant women in families who earn too much income to qualify for Medicaid but can't afford to purchase private health insurance coverage.

chronic care — is care provided to help maintain daily function. There is no expectation that the care recipient will improve or recover.

co-annuitant — the second individual whose life determines the length of an annuity contract. Seldom indicated, the co-annuitant typically prolongs a contract because both the annuitant and co-annuitant must die for the term to cease.

co-insurance — your share of the costs of a covered health care service, calculated as a percent (for example, 20%) of the allowed amount for the service. You pay co-insurance plus any deductibles you owe.

co-payment — a fixed amount (for example, \$15) you pay for a covered health care service, usually when you receive the service. The amount can vary by the type of covered health care service.

codicil — a written change to a will.

cognitive impairment — a deterioration or loss in intellectual capacity that results in impairment in some or all of the following: short and long-term memory, orientation to people, place, and time; and deductive or abstract reasoning, including judgment.

community-based services — includes services and programs such as meals on wheels and adult day care, that are designed to help people remain independent and/or in their own homes.

continence — the ability of the body to control urination or bowel movements or both. This is classified as one of the activities of daily living.

cost sharing — an amount you may be required to pay as your share of the cost for a medical service or supply, like a doctor's visit, hospital outpatient visit, or prescription drug. This amount can include copayments, coinsurance, and/or deductibles.

coverage gap — (for Medicare prescription drug coverage) a period of time in which you pay higher cost sharing for prescription drugs until you spend enough to qualify for catastrophic coverage. The coverage gap (also called the “donut hole”) starts when you and your plan have paid a set dollar amount for prescription drugs during that year.

creditable coverage – (Medigap) previous health insurance coverage that can be used to shorten a pre-existing condition waiting period under a Medigap policy.

custodial care – services aimed at maintaining your health and/or preventing deterioration in your functional status, provided on an extended basis.

D

daily benefit – the amount of insurance benefit per day in a long-term care insurance policy a person can choose to cover long-term care expenses.

daily maximum benefit – this is the maximum amount your long-term care insurance will pay in any single day.

death benefit – the annuity benefit paid to a designated beneficiary when the annuity contract's owner dies.

deductible – the amount you owe for health care services your health insurance or plan covers before your health insurance or plan begins to pay. For example, if your deductible is \$1000, your plan won't pay anything until you've met your \$1000 deductible for covered health care services subject to the deductible.

dementia – deterioration of mental faculties due to a disorder of the brain.
Donut Hole, Medicare Prescription Drug

donut-hole (in drug plans)– most plans with Medicare prescription drug coverage (Part D) have a coverage gap (called a "donut hole"). This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your prescriptions up to a yearly limit. Once you have spent up to the yearly limit, your coverage gap ends and your drug plan helps pay for covered drugs again.

dressings – putting on and taking off all items of clothing and necessary braces, fasteners, or artificial limbs.

durable power of attorney – a written legal document that lets an individual designate another person to act on his or her behalf, even in the event the individual becomes disabled or incapacitated.

durable power of attorney for health care – a written legal document that gives another person the authority to act on your behalf with regard to your health care decisions.

E

eating – feeding oneself by getting food, into the body from a receptacle (such as a plate, cup or table) or by feeding tube or intravenously.

elimination period – this works like a deductible, in that the policyholder pays for the cost of care for a limited time before the insurer begins to pay benefits for an eligible claim.

equity indexed annuity – a type of fixed annuity that earns interest connected to an outside equity index, such as the S&P.

essential health benefits – all plans offered in state-based Health Insurance Exchanges must provide “essential health benefits” including: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; pediatric services.

estate – all the property that an executor had the power to distribute by will, less the amount of funeral, testamentary and administration expenses.

estate tax – a federal tax imposed at one's death on the transfer of most types of property.

executor\executrix – a person appointed by a testator to carry out the instructions in a will.

extra help – a Medicare program to help people with limited income and resources pay Medicare prescription drug program costs, like premiums, deductibles, and coinsurance.

F

fiduciary – a person or institution legally responsible for the management, investment, and distributions of funds.

financial Abuse – any act of wrong or improper use of a senior's money or property without their full knowledge and consent. This includes theft of money, pension checks, or property, as well as misuse of power of attorney privileges.

flexible premium – a kind of annuity that may be bought into multiple times in the future. After depositing the initial premium, further investment can be made into the same annuity (similar to a money market account).

formulary — a list of prescription drugs covered by a prescription drug plan or another insurance plan offering prescription drug benefits. Also called a drug list.

G

gift tax annual exclusion — a gift that is not considered a taxable gift. The law permits the exclusion each year that varies from year to year. Married couples may jointly give up to twice the amount to any one donee tax free.

guardian — a person who is legally responsible for a senior and sometimes, the senior's property.

H

health insurance exchange (HIX) — online and telephone marketplace for buying and selling of health insurance plans. The ACA provides that each state will have an individual exchange as well as a small business (SHOP) exchange, which can be merged together, at each state's discretion.

health insurance marketplace — a resource where individuals, families, and small businesses can learn about their health coverage options; compare health insurance plans based on costs, benefits, and other important features; choose a plan; and enroll in coverage. The Marketplace also provides information on programs that help people with low to moderate income and resources pay for coverage. This includes ways to save on the monthly premiums and out-of-pocket costs of coverage available through the Marketplace, and information about other programs, including Medicaid and the Children's Health Insurance Program (CHIP).

health savings account (HSA) — a tax-advantaged, employee-owned medical savings account available to individuals who are enrolled in a high-deductible health plan. Unused dollars may roll over from year to year.

home health care — at home services for occupational, physical, respiratory, speech therapy, or nursing care. Typically included are social workers, home health aide, and homemaker services.

home modifications — physical adaptations to a home that enable a person to stay and function in that environment.

homemaker services — services designed to provide household support. They may include light housekeeping, laundry, cooking, home management, and similar services.

hospice care — is usually provided at home or in a hospice facility and provides care to alleviate physical, emotional, or spiritual discomforts near the end of life.

I

in-network co-insurance — the percent (for example, 20%) you pay of the allowed amount for covered health care services to providers who contract with your health insurance or plan. In-network co-insurance usually costs you less than out-of-network co-insurance.

in-network co-payment — a fixed amount (for example, \$15) you pay for covered health care services to providers who contract with your health insurance or plan. In-network co-payments usually are less than out-of-network co-payments.

incapacity — the lack of ability to act on your own behalf.

indexed annuity — a type of fixed annuity that earns interest connected to an outside equity index, such as the S&P.

individual retirement account (IRA) — a retirement program that permits individuals who have earned income to save part of that income in a tax-deferred savings plan.

inflation protection — this feature, helps long-term care insurance benefits grow on a regular basis to keep up with the rising cost of care.

intestate — a person owning property who dies without a will.

irrevocable — indicating something that cannot be changed or terminated.

irrevocable trust — a trust which the grantor has no power to revoke or amend.

J

joint tenancy with right of survivorship — a title that can be placed on property that is co-owned. At the death of one of the co-owners, the other will become the sole owner of the property, regardless of what may be conveyed in the will. Compare to “tenants in common.”

L

liquid assets — cash or equivalent assets that can be readily converted into cash without any serious loss. Examples are cash, Treasury bills, money market fund shares, and certificates of deposit.

living trust — a revocable trust established by a grantor during his or her lifetime in which the grantor transfers some or all of his or her property into the trust.

living Will — also known as an advanced health care directive. This allows a person to state their wishes with respect to medical treatment.

long-term care — personal care and other related services provided on an extended basis to people who need help with activities of daily living or who need supervision due to a severe cognitive impairment. It can be provided at home, in a nursing home, assisted living facility, or an adult day care center.

long-term care insurance — insurance that helps defray the costs of long-term care services, when a person needs assistance with the activities of daily living or supervision due to a severe cognitive impairment.

M

marital deduction — a deduction that is available for transfers between spouses, either during lifetime or at death. Such transfers are exempt from gift and estate tax but subject to estate tax at the death of the surviving spouse.

market value adjustment (MVA) — a kind of fixed annuity in which there is a guaranteed rate unless the contract owner withdraws amounts that exceed a specific free-withdrawal amount, or if the owner terminates the annuity contract before it matures.

medicaid — the joint Federal-State program that pays for health care services for individuals who meet their state's poverty guidelines. It generally covers only those with very little income and assets.

medical underwriting — the process that an insurance company uses to decide, based on your medical history, whether to take your application for insurance, whether to add a waiting period for pre-existing conditions (if your state law allows it), and how much to charge you for that insurance.

medically necessary — health care services or supplies needed to prevent, diagnose or treat an illness, injury, condition, disease or its symptoms and that meet accepted standards of medicine.

medicare — a federal health care program for most adults age 65 and older and certain disabled individuals. It pays only for short periods of care, typically up to 100 days.

medicare part A – (Hospital Insurance) part A covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care.

medicare part B – (Medical Insurance)

Part B covers certain doctors' services, outpatient care, medical supplies, and preventive services.

medicare prescription drug plan (part D) – part D adds prescription drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private-Fee-for-Service Plans, and Medicare Medical Savings Account Plans. These plans are offered by insurance companies and other private companies approved by Medicare.

medicare supplement insurance – is private insurance to help pay hospital and medical costs Medicare does not cover. It pays for long-term care under limited circumstances and for limited periods of time. This is not long-term care insurance.

medigap policy – medicare supplement insurance sold by private insurance companies to fill "gaps" in Original Medicare coverage.

modified adjusted gross income (MAGI) – the figure used to determine eligibility for lower costs in the Marketplace and for Medicaid and CHIP. Generally, modified adjusted gross income is your adjusted gross income plus any tax-exempt Social Security, interest, or foreign income you have.

monthly benefit – the amount of insurance benefit per month in a long-term care insurance policy a person can choose to cover long-term care expenses.

mutual fund – an account combining the funds of many individuals in order to invest these funds in a range of financial instruments.

N

network – the facilities, providers and suppliers your health insurer or plan has contracted with to provide health care services.

nursing home – a licensed facility that provides 24-hour a day room and board, nursing care and personal care services. Nursing homes also provide medical care, therapy, and other health related services.

O

open enrollment period – the period of time during which individuals who are eligible to enroll in a Qualified Health Plan, prescription drug plan, Medicare advantage and Medicare supplements can enroll in a plan. For Qualified Health Plans (under 65), the open enrollment period is November 15, –January 15. For prescription drug plans and Medicare advantage plans (primarily, over 65), the open enrollment period is October 15th to December 7th. For Medicare supplement plans at age 65, the open enrollment period is 3 months before and 3 months after turning 65. Individuals may also qualify for Special Enrollment Periods outside of Open Enrollment if they experience certain events.

out-of-pocket limit – the most you pay during a policy period (usually a year) before your health insurance or plan begins to pay 100% of the allowed amount. This limit never includes your premium, balance-billed charges or health care your health insurance or plan doesn't cover. Some health insurance or plans don't count all of your co-payments, deductibles, co-insurance payments, out-of-network payments or other expenses toward this limit.

owner-driven – annuity whose provisions trigger upon the death, reaching of a certain age, or disability of the contract owner. This is in contrast to typical annuities, which designate an annuitant that may or may not be the contract owner.

P

payable-on-death (POD) account – a deposit of money in a bank account in one's own name with a designated beneficiary. The account creator-owner owns and controls the account without restriction during his or her life. At the death of the account creator-owner, the beneficiary becomes the account owner. Also, see "transfer on death."

per stirpes – to pass down by blood. Also defined as distribution to members of a multi-generation group (descendants) with members of a younger generation taking only if their parent is deceased. For example, *X* has three children, *A*, *B*, and *C*; if all three are living, they take equally; if *A* is deceased and has two children, *A*'s two children split the share *A* would have taken if living; if *A* is deceased and has no descendants, *B* and *C* take the property equally.

personal care – is care to help you meet personal needs such as bathing, dressing and eating.

plan of care – is a plan prescribed by a licensed health care practitioner that identifies ways of meeting your need for long-term care services.

point-to-point – a way of calculating index annuity yield. The total yield is simply the difference in index value from the day the annuity is purchased to the day it expires.

power of attorney – authority for an appointed person to act on behalf of another person (see “durable power of attorney” above).

pre-existing condition – a health problem you had before the date that new health coverage starts.

premium – the money paid to an insurance company for coverage.

premium bonus – additional funds that are credited by an insurer to an annuity, expressed as a percentage of the deposited amount, usually between 1% and 10%.

probate – a process to prove the validity of and originality of a will followed by re-titling assets into the names of the heirs as outlined in the will.

Q

qualified annuity – a type of annuity bought with the intention to fund or distribute money from a tax-qualified plan, generally with paid premiums reducing current income tax and the use of tax-deferred accumulations.

R

respite services – services by a substitute provider, from a few hours to a few days, to give time off to the regular caregiver.

rollover – refers to the monies from a qualified retirement plan or IRA (Individual Retirement Account) that are shifted from one plan to another plan of the same kind, maintaining the tax-deferred status of the funds.

roth IRA – while similar to a traditional IRA (Individual Retirement Account), the Roth IRA's contributions are not deductible. Account distributions may be obtained free of federal income tax if certain conditions are met, however.

S

skilled nursing care – nursing and rehabilitative care that is performed by skilled medical personnel, usually available 24-hours a day and ordered by a physician under a

treatment plan. It can be either in a facility setting or at home. (Note: Medicare and Medicaid have their own definitions of "skilled nursing care" which do not necessarily match those in long-term care insurance policies.)

skilled nursing facility – generally a state-licensed institutional setting that provides skilled care by skilled medical personnel. This care is available 24 hours a day and is ordered by a physician under a treatment plan.

special needs trust – a trust (other than a trust established with the beneficiary's own assets) for a beneficiary who may receive state assistance. The trustee may use assets for the beneficiary's needs beyond what the state will provide, and the state is not entitled to reimbursement at the beneficiary's death.

spend down limit – the depletion of income and assets to meet eligibility requirements for Medicaid.

sub-acute care – the first level of skilled care beyond the acute hospital setting. Patients appropriate for sub-acute care typically require skilled nursing as well as rehabilitation services.

surrender charge – a penalty imposed by the insurer if the contract owner terminates the annuity prematurely, by withdrawing all funds.

T

tax-deferral – refers to the fact that earnings from an annuity are not taxed until they are withdrawn from the plan.

tenancy in common – a form of ownership in which two or more persons own the same property. At the death of a tenant in common, the decedent's interest passes according to the decedent's will, or by intestacy if there is no will, not to the other owner (unless the decedent's will so provides). Compare "joint tenancy with right of survivorship."

testate – having executed a will.

toileting – getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene related tasks. This is considered an activity of daily living.

total pool of money – is the total amount of assets you are looking to protect. It's calculated based on the benefit amount and the benefit period selected.

transfer-on-death (TOD) account – a form of registration for securities or brokerage accounts that operates in the way that the asset passes to a named beneficiary. These accounts trump otherwise inconsistent provisions of Wills and Trusts. See also “Payable-on-death.”

transferring – the ability to move in or out of a bed, chair or wheelchair. This is considered an activity of daily living.

trust – property held in control by a trustee for the benefit of another person.

trustee – the person named in a trust document who will manage the property owned by the trust and distribute any income according to the document. A trustee can be an individual or a corporate fiduciary.

V

variable annuity: a kind of annuity contract that allows the owner to allocate the premium amount among several investments, or sub-accounts. The contract value of such a plan may vary according to the performance of these investments.

W

will – the written statement by which a person instructs how his or her estate should be distributed after death.

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