

# Physician Guide to a Healthy Retirement

Slides: [WisMedFinancial.org/Retirement](https://WisMedFinancial.org/Retirement)



**WisMed Financial**

Mark Zietz, CFP®, AIF®  
(608) 442-3750  
[Mark.Zietz@WisMedFinancial.org](mailto:Mark.Zietz@WisMedFinancial.org)

1



**WisMed Financial**

## Disclosures

WisMed Financial, Inc. ("WMF") is a registered investment advisor offering advisory services in the State of WI and in other jurisdictions where exempted. Registration does not imply a certain level of skill or training.

This communication is for informational purposes only and is not intended as tax, accounting or legal advice, as an offer or solicitation of an offer to buy or sell, or as an endorsement of any company, security, fund, or other securities or non-securities offering. This communication should not be relied upon as the sole factor in an investment making decision.

Past performance is no indication of future results. Investment in securities involves significant risk and has the potential for partial or complete loss of funds invested. It should not be assumed that any recommendations made will be profitable or equal the performance noted in this publication.

The information herein is provided "AS IS" and without warranties of any kind either express or implied. To the fullest extent permissible pursuant to applicable laws, WisMed Financial, Inc. (referred to as "WMF") disclaims all warranties, express or implied, including, but not limited to, implied warranties of merchantability, non-infringement, and suitability for a particular purpose.

All opinions and estimates constitute WMF's judgement as of the date of this communication and are subject to change without notice. WMF does not warrant that the information will be free from error. The information should not be relied upon for purposes of transacting securities or other investments. Your use of the information is at your sole risk. Under no circumstances shall WMF be liable for any direct, indirect, special or consequential damages that result from the use of, or the inability to use, the information provided herein, even if WMF or a WMF authorized representative has been advised of the possibility of such damages. Information contained herein should not be considered a solicitation to buy, an offer to sell, or a recommendation of any security in any jurisdiction where such offer, solicitation, or recommendation would be unlawful or unauthorized.

2



WisMed Financial

## Agenda

---

- Medicare
- Long-term care
- Social Security
- Income from investments
- Roth conversions
- Tax-efficient withdrawal strategy

3



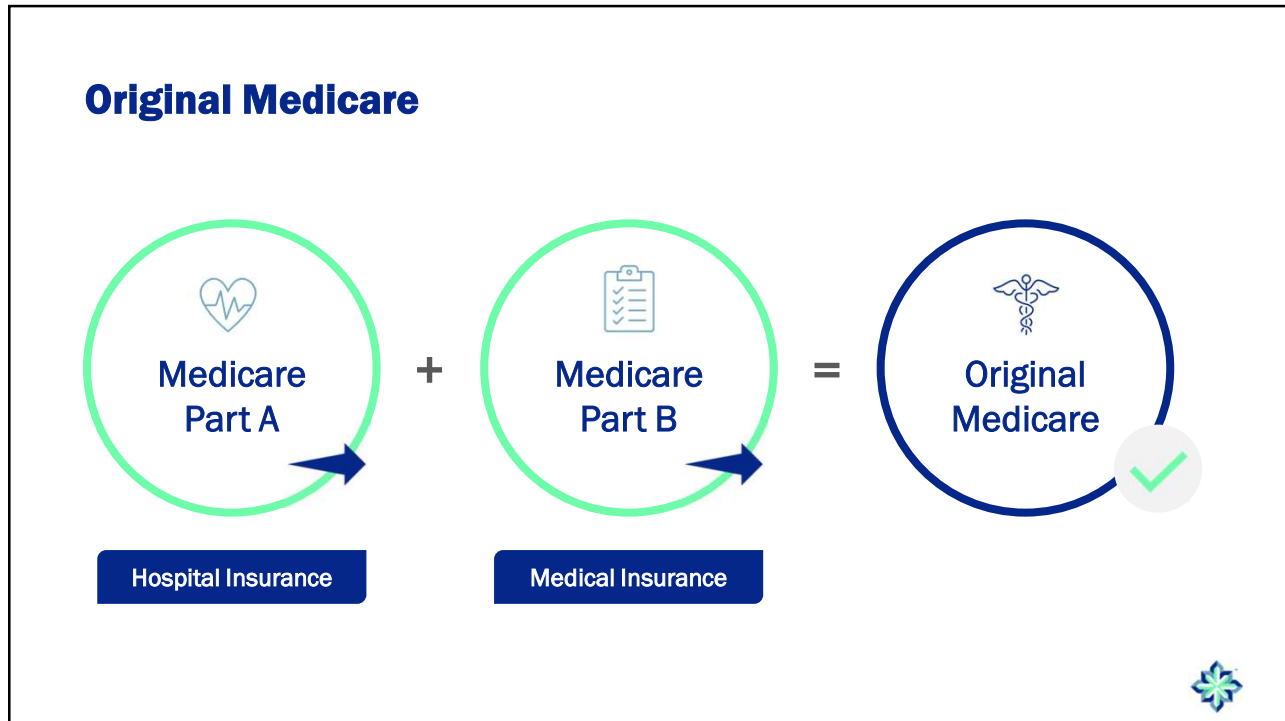
## Medicare Basics

**WisMed Assure**  
Alisa Allen, RHU REBC



**WisMed**  
**Assure**

4



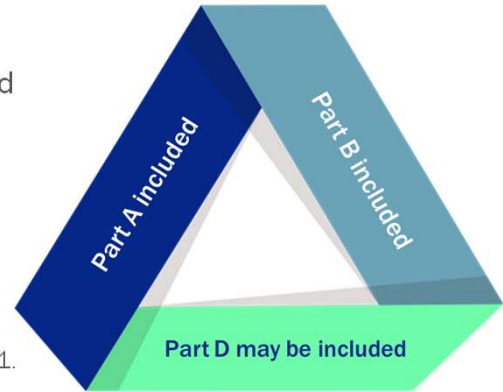
5



6

## Medicare Advantage Plans (also known as Part C)

- Replaces Original Medicare
- Offered through private insurers that are reimbursed by Medicare per enrolled member per month
- Plans must provide coverage for Part A and Part B services
- Deductibles, copays, coinsurance, and out-of-pocket amounts may change each year
  - Coverage is subject to *change or termination* every January 1.
- They all have a network of providers that must be used



© WisMed Assure Part of the Wisconsin Medical Society



7

## Medicare Coverage Choices

### Original Medicare

#### INCLUDES:



**Part A**  
Hospital Insurance



**Part B**  
Medical Insurance

#### YOU CAN ADD:



**Part D**  
Prescription Drug Plans



**Supplemental coverage**  
(to help pay your share of cost)

### Medicare Advantage (Part C)

#### INCLUDES:



**Part A**  
Hospital Insurance



**Part B**  
Medical Insurance

#### MOST PLANS INCLUDE:



**Part D**  
Prescription Drug Plans



**Some extra benefits**  
(that Original Medicare doesn't cover—like certain vision, hearing, and dental services. You must have both Part A and Part B to join a Medicare Advantage Plan.)

8

# Enrolling in Medicare Part A and/or B


© WisMed Assure Part of the Wisconsin Medical Society



9

## Your Medicare Journey

### UNDERSTAND THE ENROLLMENT TIMELINE

- 
**12 months before turning 65**  
 Begin preparations for the transition to Medicare.
- 
**3 months before turning 65**  
 Medicare's Initial Enrollment Period begins, as well as the enrollment period for Medicare supplement plans.
- 
**3 months after turning 65**  
 Medicare's Initial Enrollment Period ends.



If enrollment is delayed for too long or the Initial Enrollment Period is missed for Parts A and B, or Part D prescription drug plans, beneficiaries may experience a gap in coverage and could also incur late-enrollment penalties, which means they will be subject to higher premiums when they do enroll.

Some people can enroll before 65 if they have a disability or end-stage renal disease (ESRD). Additionally, if their birthday falls on the first of the month, they can enroll, and coverage can start one month earlier.

If they have qualifying employer coverage, they may delay Part B coverage without delay.



10

## Enrolling in Medicare Part A and/or Part B

### Special Enrollment Period

- Available to those who decided to wait to sign up
  - EXAMPLE: Having group coverage due to their or a spouse's current employment
- Or sign up during the 8-month period beginning with the month after employment, or group coverage ends, whichever is first
  - Late enrollment penalties typically do not apply
- There are other special circumstances to sign up for Medicare if enrollment period is missed
  - Natural disaster
  - Emergencies, incarcerations or losing Medicaid coverage
  - Call Medicare for more information

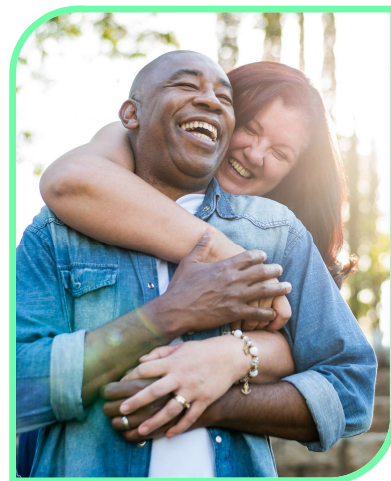


11

## Delaying Medicare Enrollment

### What you need to know

- Always contact employer or union benefits administrator before delaying Part A and Part B to find out how employer sponsored insurance works with Medicare.
- Employer sponsored coverage may require enrollment in Part A and Part B to get full coverage.
- Medicare may coordinate with employer sponsored benefits based on employment status. Coverage based on current employment does not include:
  - COBRA
  - Retiree coverage
  - VA coverage
  - Individual health insurance coverage



12

## Enrolling in Medicare Part A and/or Part B

### General Enrollment Period

- Occurs January 1 – March 31 each year
- Coverage begins the first day of the month after sign up
- Late enrollment penalty (higher premium) may apply
- This enrollment period applies if the Initial Enrollment Period is missed there is not a qualified Special Enrollment Period



13

## Annual Open Enrollment

### October 15 to December 7

- Switch from Original Medicare to Medicare Advantage or vice versa
- Switch among Medicare Advantage plans with or without drug coverage
- Switch among Medicare Part D drug plans
- Join a Medicare Part D drug plan
- New coverage is effective January 1st.



14



14

## Medicare Basics

Medicare - Premiums and Late Enrollment Penalties for 2025

Medicare Coverage	Amount of Monthly Premium
Part A Premium	Most people don't pay a monthly premium for Part A. Those who have to pay, pay up to \$518/month.
Part A Late Enrollment Penalty	+10%. This penalty applies for twice the number of years the beneficiary could have had Part A, but didn't sign up. For example, if they were eligible for Part A for 2 years but didn't sign up, they will have to pay a 10% higher premium for 4 years.
Part B Premium	The standard premium is \$185/month. Higher-income earners may pay more.
Part B Late Enrollment Penalty	+10% for each full 12-month period that you could have had Part B, but didn't sign up for it, and you did not have employer coverage.
Part C Premium	Varies by plan.
Part D Premium	Varies by plan. Higher-income earners may pay more.
Part D Late Enrollment Penalty	1% of the current national base premium multiplied by the number of months without credible prescription drug coverage, rounded to the nearest \$0.10.

15

## Long-Term Care Insurance

What is Long Term Care?



**Assistance with supportive medical and non-medical services as you transition through life**

- Different levels of care – from assisted living to medical and therapeutic care
- Assistance with daily living over an extended period of time - help with activities of daily living such as dressing, bathing, and eating
- Care may also be needed with household cleaning, meal prep, and other daily activities

**Long-term care insurance solutions help pay for covered expenses – plans are tailored to meet your needs**



16



# Questions?

You can reach Alisa Allen at:

- **WisMed Assure**
- 608.665.9443 direct
- 608.233.0397 cell
- [alisa.allen@wismedassure.org](mailto:alisa.allen@wismedassure.org)




17

## Social Security

### A Brief Summary of This Social Program

© WisMed Assure Part of the Wisconsin Medical Society



18

## Social Security – Understanding the Benefits

A simple concept

Social Security is a federal program that reaches out to almost everyone

Helps older Americans, workers that become disabled, and surviving families

Never meant to be the only source of income!



© WisMed Assure Part of the Wisconsin Medical Society



19

## Social Security – Understanding The Benefits

Who benefits?

**Social Security taxes are used to pay benefits to:**

- People who have already retired
- People who are disabled
- Survivors of workers who have died
- Dependents of beneficiaries

© WisMed Assure Part of the Wisconsin Medical Society



20

## Social Security

Since 2011, paper statements are only mailed to those age 60 and older.

- Check earnings record for accuracy.

### Earnings Record

Review your earnings history below to ensure it is accurate. This is important because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings, but you can view them online with *my Social Security*. **If you find an error** view your full earnings record online and call **1-800-772-1213**.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,170	45,170
2009	44,603	44,603
2010	45,666	45,847
2011	47,093	47,093
2012	48,560	48,560
2013	49,095	49,095
2014	50,605	50,605
2015	51,996	51,996
2016	52,108	52,108
2017	53,251	53,251
2018	53,966	53,966
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

21

## Social Security – Understanding the Benefits

Delayed and early retirement

### Delayed Retirement

- If you delay beyond full retirement age – increase in benefits
- Caps at age 70
- [www.ssa.gov/benefits/retirement/planner/delayret.html](http://www.ssa.gov/benefits/retirement/planner/delayret.html)

### Early Retirement

- Start as early as age 62
- Benefits reduced by ½ of 1% for each month you retire before full retirement age
- [www.ssa.gov/benefits/retirement/apply.html](http://www.ssa.gov/benefits/retirement/apply.html)

© WisMed Assure Part of the Wisconsin Medical Society



22

## Social Security – Understanding the Benefits

Benefits are based on when you start

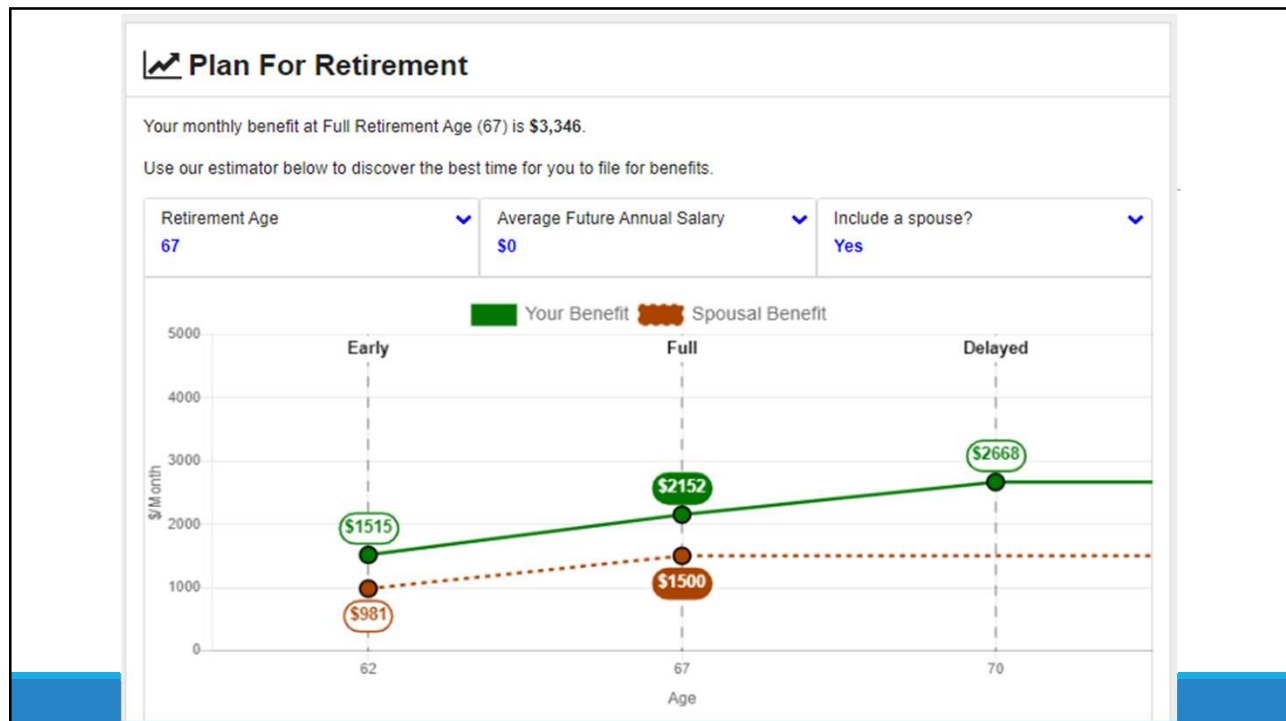
Benefits are based on your full retirement age and when you choose to start Social Security benefits

Year of Birth	Full Retirement Age
1946 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

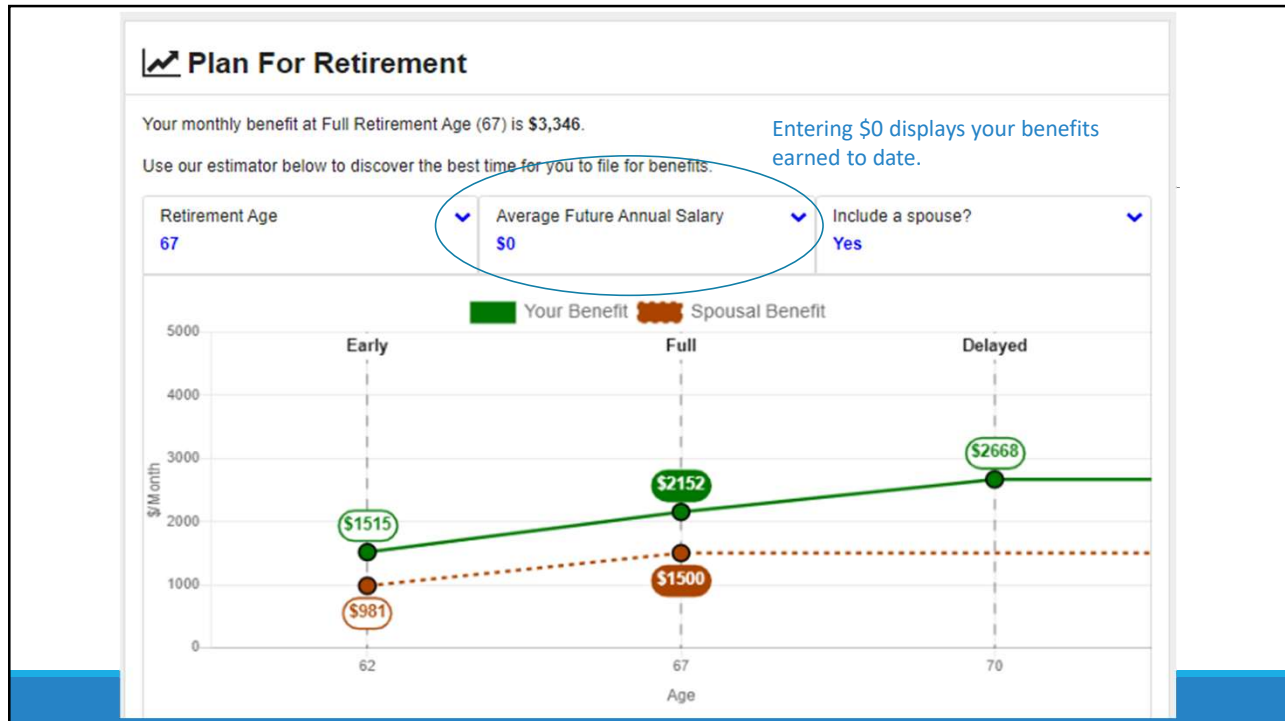
© WisMed Assure Part of the Wisconsin Medical Society




23



24



25



WisMed Financial

## Social Security and Net Worth

### Social Security Timing

- Age 62 to 70.
- If retire at 62, should you start Social Security at 62 or live off portfolio and start at 70?

It depends.

Starting early provides a higher net worth for most of retirement but delaying provides higher guaranteed income after age 70.


Age	Net Worth SS at 62	Net Worth SS at 70
61	\$ 1,804,196.00	\$ 1,804,196.00
62	\$ 1,942,451.00	\$ 1,910,990.00
70	\$ 2,472,578.00	\$ 1,754,928.00
80	\$ 2,647,125.00	\$ 2,128,797.00
87	\$ 2,129,690.00	\$ 2,071,932.00
88	\$ 1,997,874.00	\$ 2,029,389.00

26

# Income from Investments

HOW TO TRANSITION FROM ACCUMULATING WEALTH TO GENERATING A RELIABLE INCOME STREAM.

27



WisMed Financial

## Sources

Guaranteed	Mostly Consistent	Variable
Social Security		
Pension		
Immediate Annuities		
"Play" Checks		

28



WisMed Financial

## Sources

Guaranteed	Mostly Consistent	Variable
Social Security	Bond Interest	
Pension	Stock Dividends	
Immediate Annuities	Real Estate (REIT) Distribution	
"Play" Checks	Master Limited Partnership Distribution	

29

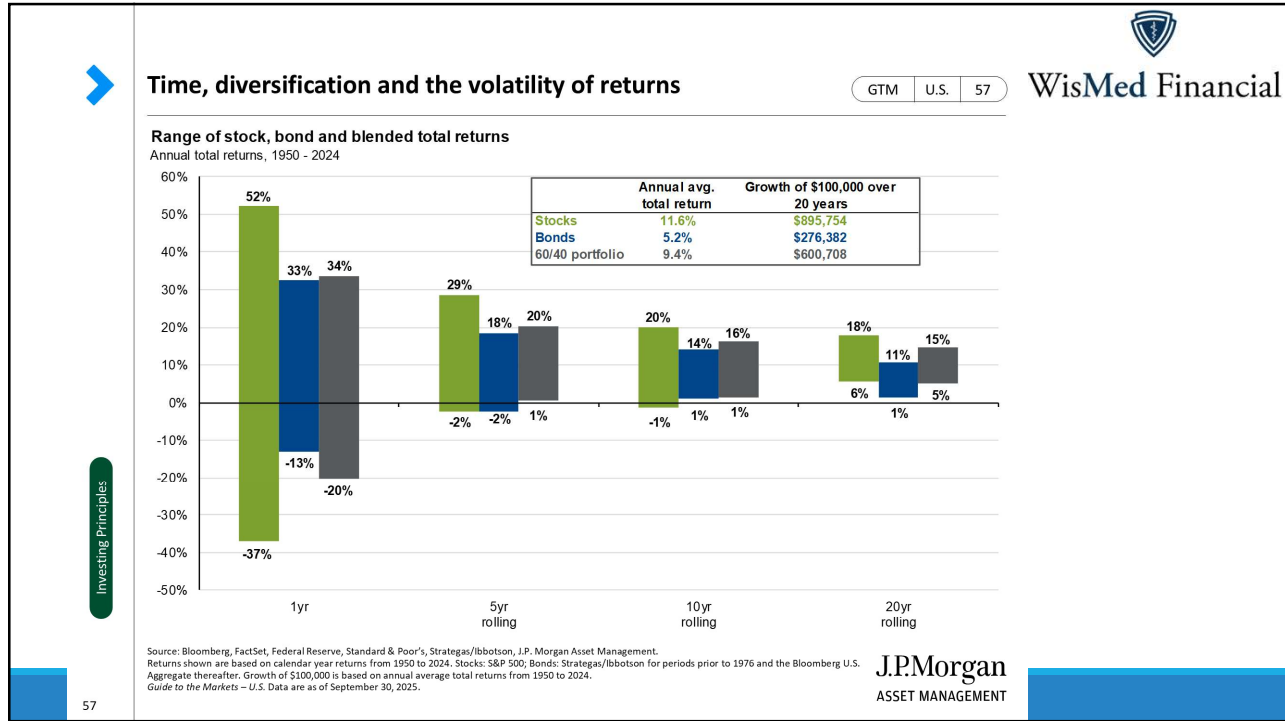


WisMed Financial

## Sources

Guaranteed	Mostly Consistent	Variable
Social Security	Bond Interest	Capital Gains
Pension	Stock Dividends	Principal
Immediate Annuities	Real Estate (REIT) Distribution	
"Play" Checks	Master Limited Partnership Distribution	

30



31



32

# Safely Increase Spending Above 4%

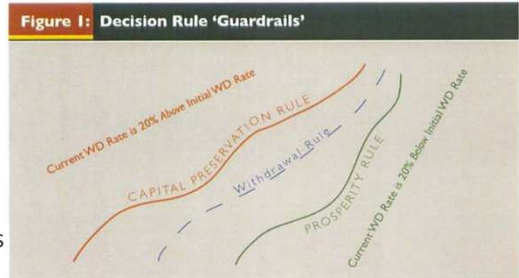
## Flexible Spending and Guardrail Rules

### Portfolio Rescue Capital Preservation

- Current year's withdrawals are reduced if withdrawals become a high percentage of the declining portfolio.

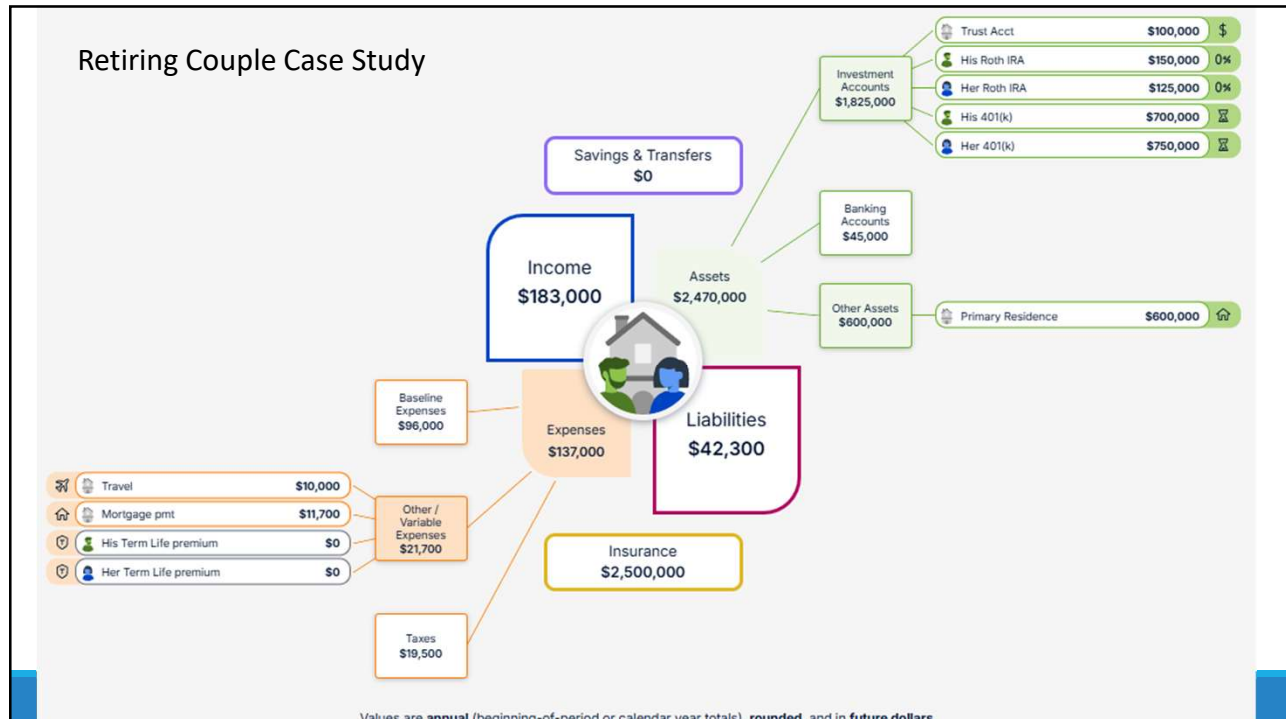
### Prosperity Increase

- Current year's withdrawals are increased if withdrawals are a low percentage of the increasing portfolio.



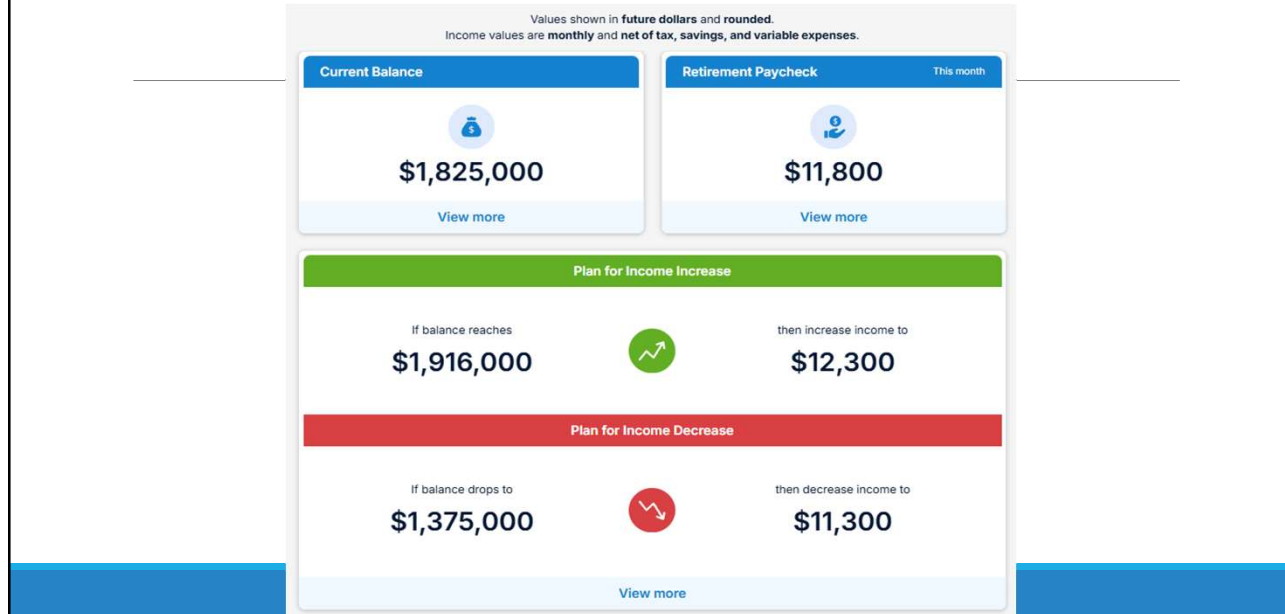
Journal of Financial Planning: Decision Rules and Maximum Initial Withdrawal Rates. March 2006

33



34

# Determine Initial Guardrails



35

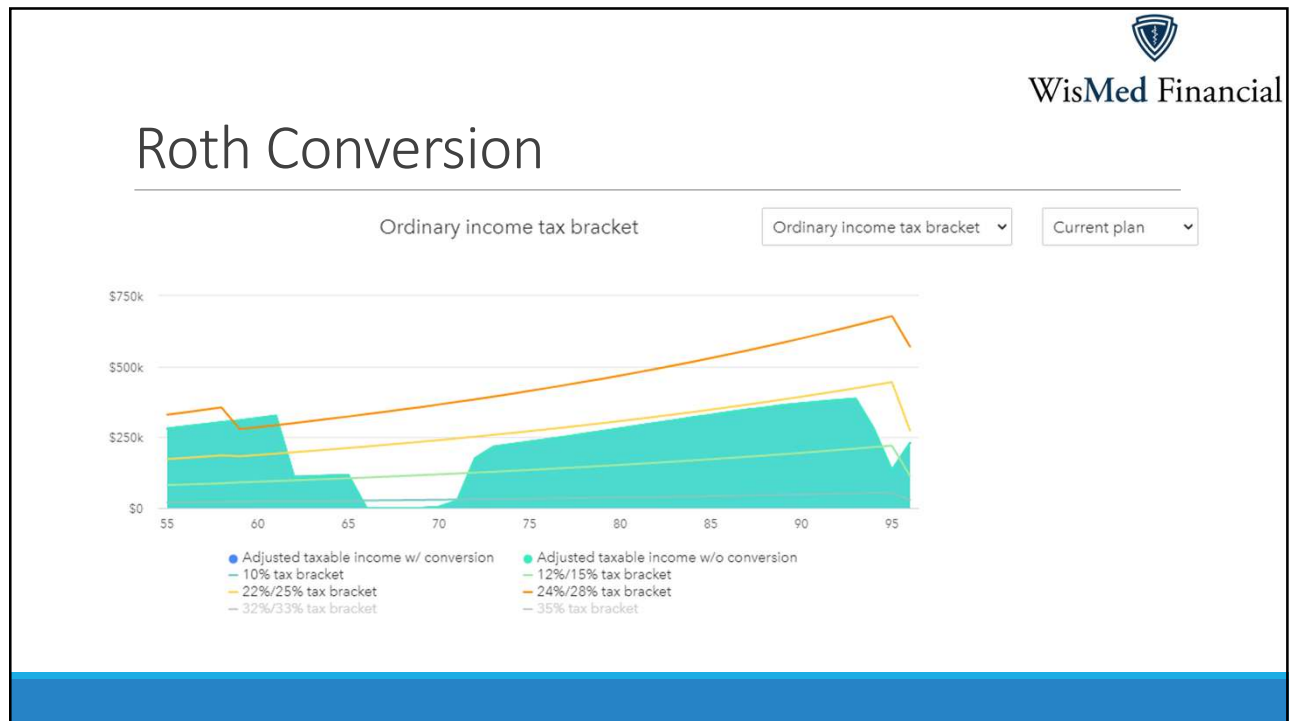
# How Guardrails Worked in Great Recession



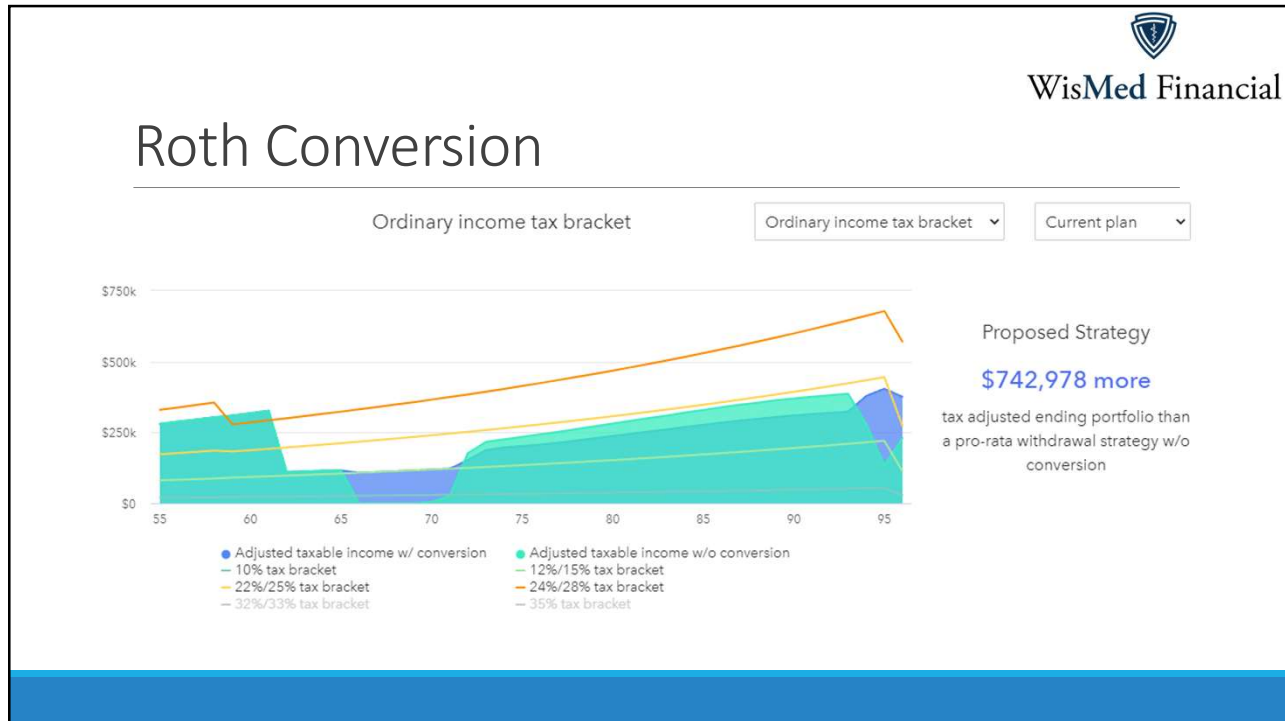
36

# Power of Roth Conversions

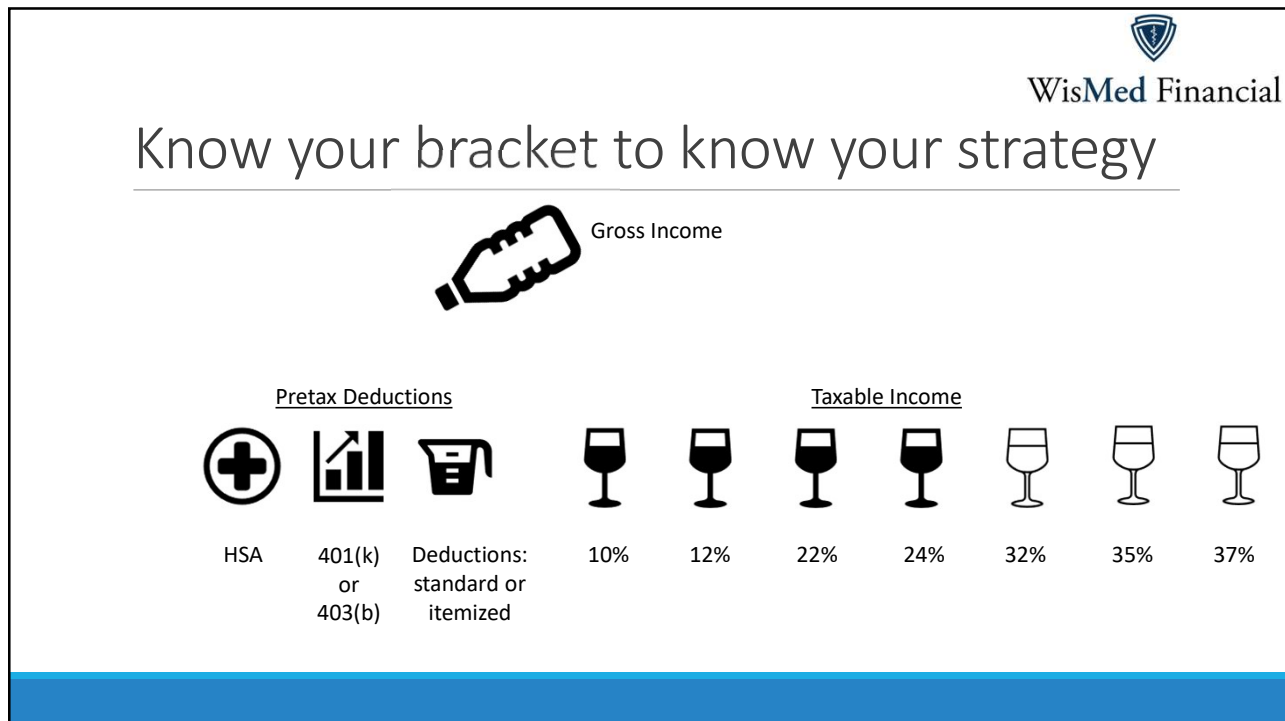
37



38



39



40



# 2025 Tax Brackets

FEDERAL INCOME TAX		
Rates apply to taxable income (i.e., income after deductions).		
TAX RATE	MFJ	SINGLE
10%	\$0 - \$23,850	\$0 - \$11,925
12%	\$23,851 - \$96,950	\$11,926 - \$48,475
22%	\$96,951 - \$206,700	\$48,476 - \$103,350
24%	\$206,701 - \$394,600	\$103,351 - \$197,300
32%	\$394,601 - \$501,050	\$197,301 - \$250,525
35%	\$501,051 - \$751,600	\$250,526 - \$626,350
37%	Over \$751,600	Over \$626,350

STANDARD DEDUCTION			
FILING STATUS		ADDITIONAL (AGE 65/OLDER OR BLIND)	
MFJ	\$31,500	MARRIED (EACH ELIGIBLE SPOUSE)	\$1,600
SINGLE	\$15,750	UNMARRIED (SINGLE, HOH)	\$2,000

WI tax brackets range from 3.5% to 7.65%.  
 Most WI taxpayers are in the 5.3% marginal income tax bracket.  
 Enhanced senior deduction of \$6,000 for each taxpayer age 65 or older by 12/31/2025, phaseout over \$75k single / \$150k married.

41

## Be Careful of Collateral Tax Damage

- Medicare IRMAA
- Phaseout of enhanced senior deduction
- Capital gain tax phase in
- Net investment income tax phase in
- Gradual reduction of \$40,000 SALT deduction to \$10,000 with income \$500,000 to \$600,000
- Phased in taxation of Social Security benefits

42

# Collateral Tax Damage

Social Security

PROVISIONAL INCOME	MFJ	SINGLE
0% TAXABLE	< \$32,000	< \$25,000
50% TAXABLE	\$32,000 – \$44,000	\$25,000 – \$34,000
85% TAXABLE	> \$44,000	> \$34,000

MEDICARE PREMIUMS & IRMAA SURCHARGE	
PART B PREMIUM	\$185.00
PART A PREMIUM	Less than 30 Credits: \$518   30 – 39 Credits: \$285

YOUR 2023 MAGI WAS:		IRMAA SURCHARGE:	
MFJ	SINGLE	PART B	PART D
\$212,000 or less	\$106,000 or less	-	-
\$212,001 - \$266,000	\$106,001 - \$133,000	\$74.00	\$13.70
\$266,001 - \$334,000	\$133,001 - \$167,000	\$185.00	\$35.30
\$334,001 - \$400,000	\$167,001 - \$200,000	\$295.90	\$57.00
\$400,001 - \$749,999	\$200,001 - \$499,999	\$406.90	\$78.60
\$750,000 or more	\$500,000 or more	\$443.90	\$85.80

LONG-TERM CAPITAL GAINS TAX			
Rates apply to LTCGs and qualified dividends, and are based on taxable income.			
TAX RATE	0% RATE	15% RATE	20% RATE
MFJ	≤ \$96,700	\$96,701 - \$600,050	> \$600,050
SINGLE	≤ \$48,350	\$48,351 - \$533,400	> \$533,400
ESTATES/TRUSTS	≤ \$3,250	\$3,251 - \$15,900	> \$15,900

3.8% NET INVESTMENT INCOME TAX			
Paid on the lesser of net investment income or excess of MAGI over:			
MFJ	\$250,000	SINGLE	\$200,000

43

## Case Study: Collateral Tax Damage

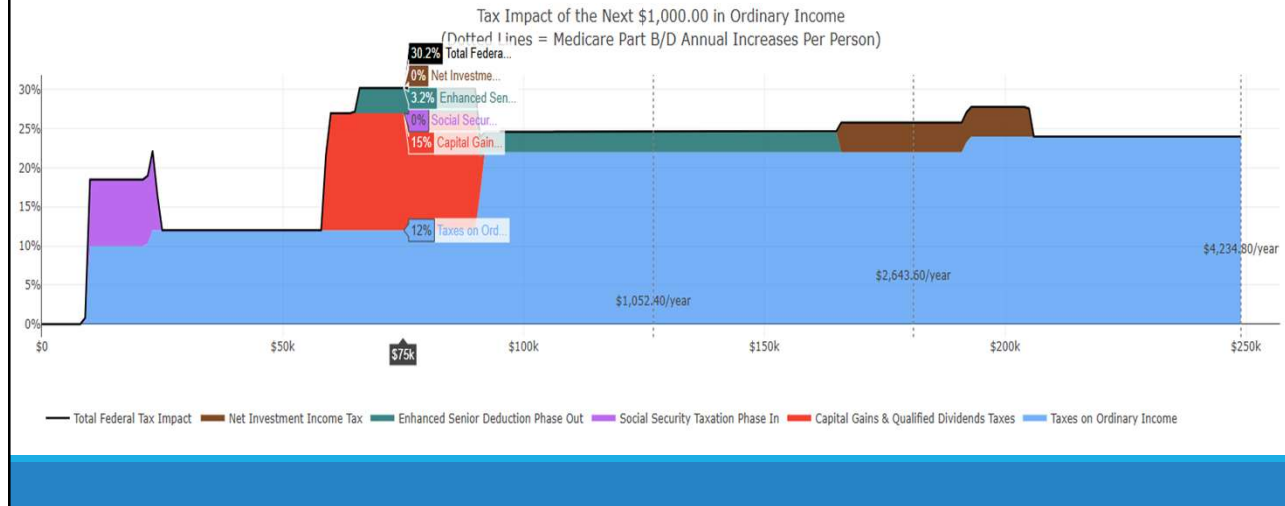
Married couple both over age 65  
 Both have Social Security income  
 Dividends received as cash  
 Cashed in \$100,000 of investments which generated \$20,000 of long-term capital gains

Total cash flow = \$173,000  
 \$65,125 Adjusted Gross Income  
 -\$46,700 standard deduction & enhanced senior deduction = \$18,425 Taxable Income  
 \$0 Federal Taxes (Perfect candidate for Roth conversions!)

Qualified Dividends	\$	15,000
Total Dividends (incl. Qualified)	✓ \$	20,000
IRA Distributions	✓ \$	0
Taxable Pensions and Annuities	✓ \$	0
Roth Conversion ⓘ	✓ \$	0
Gross Social Security	✓ \$	53,000
Taxable Social Security	☒ \$	25,125
<b>SCHEDULE D INCOME</b>		
Short Term Capital Gains	✓ \$	0
Long Term Capital Gains	✓ \$	20,000
		<i>LT loss to carry forward: \$0</i>

44

## Case Study: Collateral Tax Damage with Roth conversion



45

# Tax-Efficient Withdrawals

DON'T LET TAXES ERODE YOUR HARD-EARNED SAVINGS.

46



WisMed Financial

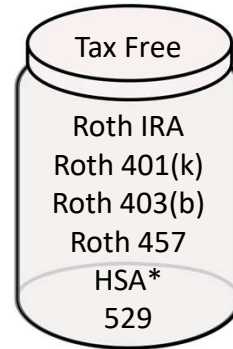
## Account Types



Ordinary Income  
Tax



Ordinary Income  
or Capital Gain Tax



No Tax

\* Tax free for qualifying health expenses

47



WisMed Financial

## Priority Withdrawal Order

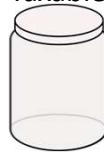
**Tax Deferred**



2a. Withdraw  
desired income up  
to acceptable tax  
bracket.

3. Roth conversion  
up to acceptable  
tax bracket.

**Taxable**



1. Turn off  
reinvestment.  
Withdraw dividends  
and interest in cash.

2b. Liquidate shares  
if still need income  
and have room to  
recognize capital  
gains.

**Tax Free**



4. Last withdrawal  
source if income  
needed.

48



WisMed Financial

---

## Q&A

Slides: [WisMedFinancial.org/Retirement](http://WisMedFinancial.org/Retirement)



Wisconsin Medical Society

Mark Ziety, CFP®, AIF®  
(608) 442-3750  
[Mark.Ziety@WisMedFinancial.org](mailto:Mark.Ziety@WisMedFinancial.org)