

Voice



Letters to the Editor

[In the book excerpt “An Emotional and Financial MRI: What Are the Challenges?” in the July 2012 *Journal*] there are factual errors on page 57. Mr. Walker states that the Medicare Part B premium for a Medicare beneficiary with MAGI of less than \$85,000 single or \$170,000 joint is “zero.” This is not and never was the case; and has nothing to do with 2011 versus 2012 Medicare data.

In 2011, the Part B premium for such a “grandfathered” Medicare beneficiary was \$96.50 and the premium for Medicare beneficiaries initially entering Medicare in 2010 and 2011 was higher. Congress acted to put all Medicare beneficiaries on the same premium scale effective January 1, 2012. As of that date, Medicare beneficiaries with MAGI of less than \$85,000 single or \$170,000 joint pay a Part B premium of \$99.90/month.

The zero premium is for Part A and that premium is zero regardless of the MAGI of the Medicare beneficiary.

There is also a “success penalty” for high-income earners concerning Part D premium costs. I did not see this mentioned in the article. This also applies to Medicare beneficiaries with MAGI exceeding the \$85,000 and \$170,000 thresholds.

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In the July 2012 issue, on page 57 in an article titled “An Emotional and Financial MRI: What Are the Challenges,” the author was explaining the tiered pricing of Medicare. To quote: “For Medicare Part B, Tier 1 covers MAGI less than \$85,000 for singles, less than \$170,000 married filing jointly, for which the premium is zero.” I believe this is incorrect. The

Medicare *surcharge* is zero, but basic Medicare premiums apply.

Charles “Skip” Klapheke
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Author Response

Yes, there was an error in the article and the good news in the number of questions and corrections received indicates that people read *Journal* articles with a sharp eye!

The intent was to say that the surcharge applied to the higher income tiers was zero at MAGI less than \$85,000 single, \$170,000 married filing jointly. Basic Medicare premiums do apply, \$99.90 per month for 2012 (higher income consumers may pay more).

By the way, the original source for much of the data in the article was from the U.S. government website www.medicare.gov and www.goodcare.com.

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Letter to the Editor

Regarding the Cordell, Langdon [column] “How Washington Is Killing Deferred Annuities” in the May 2012 *Journal*, a 180 degree view of changing the tax advantages of annuities could result in an article entitled: “How to Begin to Shrink the Deficit.” By removing some favorable tax treatment of annuities we, and all taxpayers, begin to pay down our national debt. Stop complaining that the feed in the Washington trough isn’t what it used to be. Your grandchildren might thank you some day.

Charles A. Floyd, CFP®
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