



Retiring Early? Don't Forget Health Insurance.

If you're planning to retire early, remember to include health insurance in your financial plan.

Medicare eligibility begins at age 65, but until that time you'll need to enroll in a private insurance plan. Since 2014, Americans who lack employer-sponsored coverage are required to purchase health insurance or pay a tax penalty, under the Patient Protection and Affordable Care Act, commonly referred to as the ACA or Obamacare. You can choose from three plan types, which offer varying premiums, fees and deductibles. Your rates will depend on your age, where you live, your income, the number of people in your household, and whether you smoke. These amounts will be adjusted for inflation annually. The chart below shows what some of those costs look like as of 2016.

PLAN TYPE	GOLD	SILVER	BRONZE
Annual Deductible	\$1,000 individual \$2,000 family	\$3,000 individual \$6,000 family	\$6,350 individual \$12,700 family
Average Monthly Premium	Age 55: \$725 Age 64: \$975	Age 55: \$595 Age 64: \$800	Age 55: \$455 Age 64: \$610
Out of Pocket Maximum	\$4,500 individual \$9,000 family	\$6,850 individual \$13,700 family	\$6,850 individual \$13,700 family
Preventive Care Coverage	100%	100%	100%
Other Costs Covered	80%	80%	80%
Copays	Primary Care Visit: \$10 Specialist Visit: \$30	Primary Care Visit: \$15 Specialist Visit: \$50	Primary Care Visit: \$20 Specialist Visit: 20%, after deductible
Prescriptions	Generic: \$10 Brand: \$30	Generic: \$20 Brand: \$55	20%, after deductible

For people who need regular medical care and prescriptions, a Gold plan may be the best option, while a Silver or Bronze plan might be more appropriate for less frequent consumers of health services. Note that Bronze plans require significantly higher out of pocket spending, which should be weighed against the lower monthly premiums.

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UNDER THE LAW, ALL PLANS MUST COVER 10 PRIMARY HEALTH BENEFITS:

1. Outpatient care
2. Emergency room visits
3. Inpatient care
4. Maternity and newborn care
5. Mental health and substance use treatment
6. Prescriptions
7. Rehabilitative and habilitative services
8. Lab work
9. Preventive care and wellness services
10. Pediatric services

In addition, insurance providers can no longer deny coverage based on pre-existing conditions, and parents can keep adult children on their plan until they reach age 26. The ACA also prohibits annual and lifetime caps on benefits payments.

Vision and dental coverage are not required, though dental insurance is mandatory for children.

PENALTIES AND SUBSIDIES

If you don't obtain health insurance, you will incur a fine. As of 2016, this penalty was equal to 2.5 percent of your adjusted gross income or a monthly penalty of \$695 per adult and \$347.50 per child in your household, whichever is greater. The penalty is capped at the national average premium for a Bronze level plan, so in effect you would be paying the cost of coverage, without actually receiving it.

The chart to the right shows which households qualify for subsidies, in the 48 continental states.

HOUSEHOLD SIZE	ANNUAL INCOME ELIGIBLE FOR SUBSIDIES
1	\$11,670 to \$46,680
2	\$15,730 to \$62,920
3	\$19,790 to \$79,160
4	\$23,850 to \$95,400
5	\$27,910 to \$111,640
6	\$31,970 to \$127,880
7	\$36,040 to \$144,120
8+	\$40,090 to \$160,360



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HOW TO PURCHASE COVERAGE

In Washington State, you can find general information at the [Washington Health Benefit Exchange](#) or sign up for a plan at [Washington Healthplanfinder](#). The Healthplanfinder site also includes instructions for enrolling in Washington's Medicaid program—Apple Health.

You may also enroll in a health plan through an insurance broker, who can help simplify the process and locate the best option for you. This will not increase your rates--the insurance carrier pays the broker's commission.

Open enrollment for individuals runs from November 1 to January 31. Barring certain life events, individuals cannot enroll in or change plans outside this period. Enrollment in Apple Health is open year round.

COST INFLATION

In recent years, health care premiums have risen by about 8.5 percent a year, and they are likely to continue rising for the foreseeable future. Your premiums will also rise with your age (see the first chart above), as will your overall need for health care. It's important to budget for those increasing costs and to incorporate health spending into your financial plan. Your Paracle adviser can help you understand your options and how to manage the costs of health care going forward.

We'd like to thank Emily Leisinger, Benefits Project Manager at AHT Insurance, for her assistance with this article.

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