

# FINANCIAL PLANNING NOTES

## CLIENT NEWSLETTER

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### QUESTIONS TO ASK AS YOU APPROACH MEDICARE

It takes the average financial advisor years to know all that is needed to be proficient in Medicare. For the average American, it may feel like learning a new language.

Medicare has many moving parts and can be confusing and convoluted, but it is important to get it right the first time since the decisions you make today can last a lifetime. Here are some important points to consider as you approach or reach Medicare eligibility:

#### #1: How Do You Apply?

If you are turning 65, you have a seven-month window (three months before your birthday, your birth month, and three months after your birthday) to enroll in Medicare. There are some instances when you would not have to enroll based on employer group health coverage plan (check with your HR).

If you are taking Social Security benefits, your Medicare Part A and B card will come in the mail to you automatically. If you are not taking Social Security at the moment, you will need to sign up.

Counterintuitively, as the nonprofit Medicare Journey suggests\*, you will contact Social Security and not Medicare:

- You can contact Social Security at 800-772-1213 to schedule a phone call.
- You can also apply online at <https://secure.ssa.gov/iClaim/rib>.

#### #2: What Will It Cost?

Original Medicare will come in two parts: Part A for hospital visits and Part B for doctor or medical expenses. Individuals age 65-plus are entitled to Part A (free medical hospital insurance) if enough credit hours have accrued. Part B can be added at this time by paying monthly.

The Part A annual deductible for 2022 is \$1,555. You will have an extra premium payment if you have less than 40 credit hours or less than 10 years of eligible work history. Make sure you understand your specific extra premium costs if you have less than the eligible credit hours and are retiring early.

The Part B premium is going up. For 2021, the Part B premium was \$148.50 per month. For 2022, it's \$170.10. You'll see this increase come out of your SS check. The good news is that all Medicare beneficiaries will see a 5.9% increase in their SS checks, which equates to an average increase of \$90-\$100 per month more in the payment. Those beneficiaries with higher incomes will pay a higher monthly Part B premium.

To learn more, read: <https://www.ssa.gov/benefits/medicare/medicare-premiums.html>.

#### #3: Should You Enroll in Just Original Medicare?

Original Medicare Parts A and B only cover up to certain amounts. For example, Part A will pay nothing



if you are hospitalized past 151 days. Part B will cover nothing for expenses considered “excess doctor charges.”

Over 10% of Medicare beneficiaries today have chosen to enroll in only Parts A and B. They may not understand the financial cost they may be imposing on themselves, and most times, it is not prudent to remain on Original Medicare alone.

Consider a Medicare supplement that fits the types of services and prescriptions that you are already using.

#### #4: Do You Need Part D?

Remember, D is for drugs. Many people opt out of Part D because at the time they are not taking any prescriptions and want to save on the cost of adding this supplement with the intention of adding it later if needed. The problem with this line of thinking is we cannot accurately guess when we will need to use drug coverage.

There is a Part D premium penalty that will accrue each and every month until the day you do eventually sign up for Part D. The late-enrollment penalty is an amount that’s permanently added to your Medicare drug coverage (Part D) premium.

Look into affordable drug plans early that could potentially save you thousands of dollars and that fit your circumstances and specific needs.

#### #5: Should You Stay on Your Employer Plan?

Like most answers in the realm of law or financial planning, it depends. Most times, it usually does make

sense to stay on a group plan at 65, especially if you don’t have to take Part B. (Remember, because you must pay a premium for Part B coverage, you can turn it down).

As Medicare Journey states, oftentimes, it is cheaper to remain on your employer plan, but again, it depends. Turning 65 will not force you to take Medicare unless your employer has fewer than 20 employees. If your spouse is on your group plan, you may have to stay on your group plan to keep coverage for them. You should always check with your HR manager about Medicare enrollment before turning 65.

If you do choose to stay on your group plan, remember to enroll upon termination or retirement during your “Special Enrollment Period.”

#### Final Points: Do Not Follow the Crowd!

As a fee-only advisory firm, we understand that no two clients will have the same portfolio, nor will two clients ever have the same financial circumstances in which we plan for.

Applying this same thought process to your finances, never choose a Medicare plan based on a TV celebrity’s or ex-football star’s commercial encouraging you to call a toll-free number to enroll in a plan that may not be right for you.

Do not choose a Medicare plan based on what your spouse, neighbor, or friend chose. Every person is different, and there is not a “one size fits all” solution.



Don't let anyone force you to enroll in any plan if you want to take time to assess or reassess while getting a second opinion from a professional.

\*This material was obtained from Medicare Journey, a 501(c)(3) Not for Profit Organization from information believed to be accurate from <https://www.ssa.gov/>. For more information, visit the Medicare Journey webpage at <https://www.medicarejourney.org/turning65>. This information should not be construed as investment, tax, or legal advice.

—Felipe Mejia

## WHY I'LL ALWAYS BE OPTIMISTIC ABOUT THE MARKET!

It's hard to believe we're approaching the end of the second year of this global pandemic. Despite the pain and loss endured by so many all over the world, I hope some positive changes have come from the shock we've all been forced to experience. As we look forward to 2022, despite continued uncertainty, I'm feeling a sense of educated optimism that's stronger than ever before. Why? Because over the past two years, my beliefs have been tested more than ever. And they've held up.

At the start of 2020, before we knew the extent of the global pandemic we were headed toward, I reminded investors that the market has no memory and encouraged them to avoid making forecasts and timing markets based on predictions of the future.

A few months later, I thought that human ingenuity would lead our way through the crisis. It has. I didn't know when a vaccine would be available or who would make it, but I

never doubted the power of so many great minds focusing on one huge problem.

When we were in the midst of March 2020 and the S&P 500 was down 20%, it was scary.<sup>1</sup> I wrote then that we can't control crises, but we can control our response to them. Those who could stay in the market were rewarded. Over the next 12 months, the S&P went up 56%.<sup>2</sup>

When you're entrusted with investors' hard-earned money, it's gratifying to see that the choices you make can lead to good outcomes.

So now we find ourselves at the doorstep of 2022, and we've just seen the S&P 500 hit record highs—again. But not all investors perceive this as good news. Record highs make many people nervous because they think that what goes up must come down. When markets are working as they should, reaching record highs with some frequency is exactly the outcome we would expect. That makes intuitive sense because if stocks didn't have a positive expected return, no one would invest in them.

This brings me to why I'm always optimistic about the power of markets, and why I always bet with them rather than against them: Markets represent people coming together. We can't predict the nature or timing of a crisis, but we can bank on human ingenuity finding a path through it. Markets are forward-looking and reflect this optimism—an optimism that I believe is innate to humanity. And your optimism only increases when you begin to understand how markets work.

How we deal with uncertainty is the central challenge of human existence. We are defined by the choices we make,



but we never have all the information we want. So what do we do?

It pays to have a philosophy to guide our choices, in investing, and in life. In conversations with investors over the years, I've explained my philosophy about markets in different ways, but what all these descriptions have in common is choosing to side with human ingenuity rather than against it. Betting against the market is exhausting, and we believe that it doesn't pay.

So at the end of every year, we look back and forward. What do we think the next year will bring? I don't know. No one does. Think about it: *No one does*. After these last two years, this lesson should be obvious to all of us.

But for the past 50 years, I have held a long-term faith in the power of markets. When they go up or down, I see them simply responding to new information. The market always wants buyers and sellers to make a deal. Transactions only happen if people agree on a price that seems fair to both sides.

In 2022, new challenges await. New businesses will grow. Old ones will adapt. Some will fail, while others flourish. Rather than having to guess what will happen to whom and when, I choose a different path. I invest in the market. It is a unique human invention. From it flows our modern life. Most of us live in a world where we go to the store or pick up our phones and see choices I could not have imagined as a boy. So, of course, I am optimistic.

And, of course, there is more work to be done. The problems we face as humans are daunting. That has always been true. I was born at the end of World War II and before a vaccine for polio. I wake up every morning believing the market will go up a little but prepared for if it drops. And you should too. Markets will go up and down, but you should expect them to be positive, and that is what history has also shown. If you can hold this in your heart, you can be optimistic and resilient; you can manage the central challenge of human existence. It's hard to do. But it's worth it.

—*David Booth, Executive Chairman and Founder,  
Dimensional Fund Advisors*

#### Footnotes

<sup>1</sup>S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Decrease of 19.6% was from Jan. 1, 2020–March 31, 2020. Increase of 56.35% was from March 31, 2020–March 31, 2021.

<sup>2</sup>Past performance is no guarantee of future results.

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## NEW FACES!

It's been a big year here at Northstar, and we've added a lot of new staff to help us provide our clients with the quality financial experience they expect and deserve. Here are the new team members who joined us in 2021:



### Felipe Mejia, CFP®

*Lead Financial Advisor*

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[felipe@northstarplanners.com](mailto:felipe@northstarplanners.com)

A lot of people view finance as a different language. As a Lead Financial Advisor, Felipe

translates that language into plain English so clients can make better decisions and more easily achieve their goals.

Felipe provides comprehensive financial planning and investment management to new and existing clients. He relishes the fact that he gets to develop relationships with them and learn their stories.

Felipe's most satisfying career moment has been earning the CERTIFIED FINANCIAL PLANNER™ (CFP®) certification and serving as a fiduciary who sits on the same side of the table as his clients.

### Fun Facts

- Felipe's family was born in Colombia except for him—he was born in Florida.
- He lives in Miami with his girlfriend, Mariana, and his French bulldog, JP.
- Felipe enjoys any vacation where he can travel by cruise ship.
- His passion for mental health awareness led him to our firm and its expertise in helping families with adult children with mental illness.
- His hobbies include basketball, working out, and enjoying days off with Mariana and JP.

### Education, Certifications, and Memberships

- CERTIFIED FINANCIAL PLANNER™, CFP Board

- Executive Certificate, Financial Planning, University of Miami
- Bachelor of Science, Finance, Florida State University



### Charlie Thomas, MBA

*Associate Advisor*

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As an Associate Advisor, Charlie supports our Senior Advisors in providing comprehensive

financial planning and investment management. He relishes his role in helping clients achieve goals such as a comfortable retirement and financial freedom.

While Charlie was growing up, he saw firsthand the need for solid retirement planning at the assisted-living facility that his parents owned. Entering college, he knew he wanted to work in finance, but it was an internship that prompted him into a career as a fiduciary financial advisor.

To that end, he is pursuing the CERTIFIED FINANCIAL PLANNER™ (CFP®) certification.

### Fun Facts

- Charlie played collegiate basketball for Southern Arkansas University.
- He is a recent transplant to Florida and lives in Ft. Lauderdale.
- Charlie is 6 feet 9 inches tall and wears a size 19 shoe.
- He counts Switzerland, with its mountains, views, waterfalls, and lakes, as one of the most beautiful places in the world.
- In addition to basketball, he loves baseball, CrossFit, yoga, fishing—basically, anything to do with physical activity or the outdoors.

### Education, Certifications, and Memberships

- Master of Business Administration, Southern Arkansas University
- Bachelor of Business Administration, Financial Analysis, Southern Arkansas University

## WHO WE ARE

**ALLEN P. GIESE, ChFC®, CLU®, ChSNC®**  
President, Investment Advisor Representative

**STEVE TEPPER, CFP®, MBA**  
Vice President, Chief Operations Officer, Investment Advisor Representative

**GARY S. GLANZ**  
Director of Business Development, Investment Advisor Representative

**FELIPE MEJIA, CFP®**  
Senior Advisor, Investment Advisor Representative

**CHARLES THOMAS**  
Associate Advisor, Investment Advisor Representative

**GARY C. GONZALEZ**  
Investment Advisor Representative

**STACY SAAVEDRA**  
Director of Client Services

**RICHARD LOTTIER III**  
Client Service Specialist

**LIAN TEPPER**  
Client Service Specialist



### Lian Tepper

*Client Service Specialist*

**Email address:**

lian@northstarplanners.com

Lian Tepper draws on more than a decade's worth of hospitality and team management to provide above-and-beyond customer service at Northstar Financial Planners.

As a Client Service Specialist, Lian receives clients and guests, executes trades, processes mail—and really, whatever else she is asked to do!

Lian appreciates her role because it allows her to meet new people daily and learn their unique stories. She also likes being part of a team of professionals who genuinely care about their clients as individuals.

### Fun Facts

- Lian volunteers for the Human Rights Campaign and Florida Rights Restoration Coalition.
- She lives in Fort Lauderdale.
- Lian enjoys yoga, meditation, concerts, and all things Star Trek.
- She can start a fire by rubbing two sticks together.
- A fan of classic films, Lian's favorite is *Casablanca*.

### Education, Certifications, and Memberships

- Bachelor of Arts, Hospitality Management, University of Central Florida

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