



## The Pinellas Protector eNewsletter



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### Year-End Greetings To Our Clients and Friends

Happy New Year from AH Insurance Services! We wish everyone a happy and

peaceful 2016.

The open enrollment period for 2016 Affordable Care Act (ACA) health plans will be coming to a close on January 31st. After that date, applicants on the individual insurance market must have a special enrollment period (for reasons such as getting married or losing employer coverage) to enroll in a health plan for 2016. Unless eligible for exemption, Americans not enrolled in a qualified health plan next year will be subjected to a penalty (fee) when they file their 2016 tax return.

Our first feature article is an ACA Update, and it includes details on how the 2016 uninsured tax penalty will be calculated.

Earlier this year, the Medicare Trustees announced drastic changes to the Medicare Part B Premium and Medicare Part B Deductible for 2016. During the fourth quarter, these figures were finalized and turned out to be not nearly as bad as the initial proposal. [Click here to read our December 13th Blog Post on 2016 Medicare Premiums and Deductibles.](#)

We are continuing to make progress on new proprietary software that is designed to help people nearing retirement fully understand and maximize their Social Security benefit options. Already, design changes are needed due to the Bipartisan Budget Act of 2015 that was signed into law in November. This law makes major changes to two popular Social Security claiming strategies used by couples and divorcees (scroll down to our second feature article to learn more).

Please be sure to fly on over to our regular feature ["Tips For Your Good Health."](#)

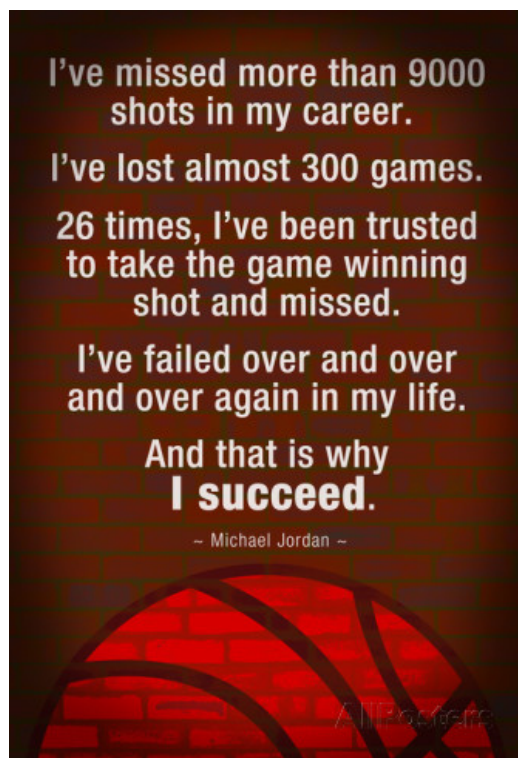
Cheers,



Andrew Herman, President  
AH Insurance Services, Inc.

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**Quarterly Quotation**



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## Affordable Care Act (ACA) Update



### [Open Enrollment Period For ACA Plans](#)

- \* November 1, 2015: Open Enrollment starts - first day you can enroll in a 2016 Marketplace plan.
- \* January 1, 2016: First date 2016 coverage can start.
- \* January 31, 2016: 2016 Open Enrollment ends.
- \* If you do not enroll in a 2016 plan by January 31, 2016, you cannot enroll in a health insurance plan for 2016 unless you qualify for a Special Enrollment Period.
- \* Medicaid, CHIP, and SHOP:

- There's no limited enrollment period for Medicaid or the Children's Health Insurance Program (CHIP). You can apply any time.
- There's also no limited enrollment period for small businesses to enroll in SHOP coverage for their employees. You can apply any time.

### [Effectuated Marketplace Enrollments Through 9-30-2015](#)

The 9-30-2015 Effectuated Enrollment Snapshot from the Centers for Medicare and Medicaid Services is re-printed below. For complete details, click this link:

<https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-12-22-2.html>

*On September 30, 2015, about 9.3 million consumers had effectuated Health Insurance Marketplace coverage - which means those individuals paid their premiums and had an active policy at the end of September. HHS's effectuated enrollment projection continues to be 9.1 million people for the end of 2015.*

*Of the approximately 9.3 million consumers nationwide with effectuated Marketplace enrollments at the end of September 2015, about 84 percent, or more than 7.8 million consumers, were receiving an advance payment of the premium tax credit (APTC) to make their premiums more affordable throughout the year. The average APTC for those enrollees who qualified for the financial assistance was \$271 per month.*

*There were 6.7 million consumers with effectuated enrollments at the end of September 2015 through the 37 Federally-Facilitated Marketplaces, including State Partnership Marketplaces and supported state-based Marketplaces that utilize the HealthCare.gov eligibility and enrollment platform (collectively known as HealthCare.gov states) and 2.6 million through the remaining State-based Marketplaces. Effectuated enrollment for the 37 states that use HealthCare.gov platform as of June 30, 2015 was 7.2 million, and 2.7 million for the remaining State-based Marketplaces.*

### [Penalty \(Fee\) For Not Having Health Insurance In 2016](#)

The following information is re-printed from [www.healthcare.gov](http://www.healthcare.gov):

*The fee is calculated 2 different ways - as a percentage of your household income, and per person. You'll pay whichever is higher.*

#### *Percentage of income*

- 2.5% of household income
- Maximum: Total yearly premium for the national average price of a Bronze plan sold through the Marketplace

#### *Per person*

- \$695 per adult
- \$347.50 per child under 18
- Maximum: \$2,085

#### *Paying the fee*

- *Using the percentage method, only the part of your household income that's above the yearly tax filing threshold (\$10,150 for individuals, \$20,300 for couples filing jointly in 2014, the most recent year available) is counted.*
- *Using the per-person method, you pay only for people in your household who don't have insurance coverage.*
- *If you have coverage for part of the year, the fee is 1/12 of the annual amount for each month you (or your tax dependents) don't have coverage. If you're uncovered only 1 or 2 months, you don't have to pay the fee at all. Learn about the "short gap" exemption.*
- *You pay the fee when you file your federal tax return for the year you don't have coverage.*

[Back to Top](#)

## Social Security Claiming Strategies Impacted By Bipartisan Budget Act



### Changes to Popular Claiming Tactics Will Impact Couples and Divorcees

The following information is re-printed from the AH Insurance Services Insurance Blog. To read the complete blog post, including a real-life example based on one of our client couples in the Tampa area, [click here for our December 31st Post](#).

The Bipartisan Budget Act of 2015, signed into law by President Obama last month, includes provisions written to shut down two Social Security claiming tactics popular with couples and divorcees. These strategies are commonly known as "file and suspend" and the "restricted application."

#### [File and Suspend Strategy](#)

File and suspend is a financial strategy that allows married couples to collect some benefits now while deferring benefits for the higher earner. The primary wage-earner generally continues to work in order to earn the maximum benefit; this not only locks in the maximum retirement benefit during the primary wage-earner's lifetime, but also the maximum benefit for the surviving spouse.

In order to use the file and suspend strategy, at least one spouse has to have reached Social Security's full retirement age (FRA). For people born between 1943 and 1954, FRA is age 66. FRA then increases by year of birth up to age 67 for those born in 1960 or later.

File and suspend has been an excellent option for couples to use in either of the following situations:

- one spouse never worked (can only receive benefits as a spouse)
- one spouse has a lower wage-earnings history

Here is how the file and suspend strategy works:

The 'primary' spouse with the higher earnings record files for benefits at his or her FRA and immediately suspends the claim. The other spouse, who must be at least age 62, may then claim spousal benefits.

The primary spouse can continue to work and will earn delayed retirement benefits up to age 70. In the meantime, the other spouse collects a bigger benefit than would have been possible based on his or her own earnings history.

This strategy has worked best if both spouses are close in age, as spousal benefits are only half of the primary spouse's benefit and are reduced further for early retirement.

### [Restricted Application Strategy](#)

The restricted application strategy, also known as free spousal benefits, allows a spouse to claim a benefit and continue working. Later, up to age 70, this claimant retires and switches from spousal benefits to the larger benefit earned on his or her own work history.

There are three requirements to use a restricted application:

- the claiming spouse must be at FRA
- the other spouse must have filed for benefit already (otherwise there would be no spousal benefit available)
- the claiming spouse restricts the claim to spousal benefits

This strategy can be used effectively by two-income couples; and it differs from file and suspend since the claiming spouse collects benefits while continuing to work and allowing delayed retirement credits to grow. In addition, unlike the file and suspend strategy, the claimant must have reached FRA to collect a spousal benefit.

### [Strategies for Divorced Workers](#)

The restricted application strategy also works for an ex-spouse who can wait until FRA to claim the spousal benefit. The ex-spouse draws 50 percent of the other spouse's benefit and continues to work, building delayed retirement credits at eight percent per year. Then, at age 70, the ex-spouse claims benefits on his or her own record.

In the case of divorcees, the other spouse is not informed by Social Security that benefits are being claimed on his or her record.

### [How Did the Bipartisan Budget Act of 2015 Impact These Claiming Strategies?](#)

The file and suspend strategy may not have been intentionally put into existence by legislators, as some say this strategy is a legal loophole used only by those who have enough knowledge of how the Social Security system works. In any event, the Bipartisan Budget Act of 2015 effectively kills the file and suspend strategy for married couples. Beginning in May 2016, married individuals will no longer be able to receive the spousal benefit if their benefits are suspended.

People born on or before May 1, 1950 (those who reach age 66 for Social Security

purposes by April 2016) still have access to file and suspend as long as the request for voluntary suspension is made by the end of April 2016. In this case, auxiliary beneficiaries (the spouse and the children of a retired worker) may claim benefits under the old rules.

While file and suspend will be going away next spring, the restricted application strategy is being phased out over a longer horizon. People born on or after May 2, 1950, but before January 2, 1954 can continue to do a restricted application under the new law. People in this group can collect spousal benefits while allowing delayed retirement credits to grow, except if the other spouse suspends benefits after May 1, 2016 spousal benefits would be cut off during benefit suspension.

People born on or after January 2, 1954 (i.e., those who are under age 62 today) will not be able to benefit from either file and suspend or the restricted application. Under the new law, voluntary suspension also suspends spouse and children benefits; and there will be no option to do a restricted application. Divorcees in this age group who have been planning to work past FRA in order to maximize delayed retirement credits will not be able to collect 50% of the ex-spouse's benefits at FRA, as allowed under the old rules.

People who are eligible to file and suspend Social Security benefits between now and April 2016 should consider taking action. This includes single people who have never been married, since filing and suspending prior to the deadline could prove beneficial to a future spouse (one must be married for only a year in order to collect spousal benefits).

[Back to Top](#)

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## Tips For Your Good Health



December 2015 Sunset in Punta Quepos, Costa Rica

## Put Yourself On Airplane Mode

I have traveled by airplane dozens of times with my mobile phone along for the ride; but until my trip this month to Costa Rica I had not ever turned on the "Airplane Mode." I would simply power down my cellular device and stow it in the seat pocket or my computer bag. Over time I became aware that many of my fellow passengers would follow the flight attendant's 'orders' and go to Airplane Mode in order to enjoy their mobile devices during the flight for purposes other than communication. Of course, that was all fine with me; as my row-mates were less likely to chatter and keep me from enjoying a good rest with my travel pillow bunched up against the cold plastic window cover.

So before the flight from Miami to Costa Rica, I followed my friend's advice and set my cellular device on Airplane Mode. Knowing that any phone calls would go directly to voice mail, I recorded an extended absence voice message; however I did not know of any solution to alert potential 'texters' that I was away. I shrugged that off, as my friend warned me that incoming calls, text messages and emails received could prove to be costly once my mobile phone arrived on international territory.

Admittedly, during the vacation I did connect my device to local internet service on several occasions in order to compose and reply to email messages. With more advance planning that may not have been necessary; but in any event my mobile phone stayed on Airplane Mode throughout the entire trip. That means I made no calls or text messages for more than four days! Ironically, at the beautiful Parador Resort I tried to call the front desk from my hotel room's phone but no one ever picked up.

Back in Miami, it was with anticipation when I changed the Airplane Mode setting and said goodbye to the plane graphic that had been ever-present in the upper right-hand corner of my device. Had I missed a number of communications? Yes! Boy would I have been disappointed had no one called.

The "A-ha" moment for me came later in the month, when it occurred to me that the last time I went four days without making a phone call most likely was in the prior century. The airplane graphic remains with me as a reminder of my much-needed respite; and further I view it as a metaphor for elevation of thought. When we allow ample time for quiet and contemplation, we open up our minds to higher level thought and more mindful behavior. Then when we engage with others, we can connect fully and meaningfully. Another natural outcome is that we can find new ways to give our innate gifts to the world and enhance the lives of all of those around us.

I may continue to scrunch up against the cold window when flying; but it will be with reverence when I observe my plane-mates setting their devices on Airplane Mode! They too have discovered the secret.

**We hope you benefit from reading our Tips For Your Good Health!**

[Back to Top](#)

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