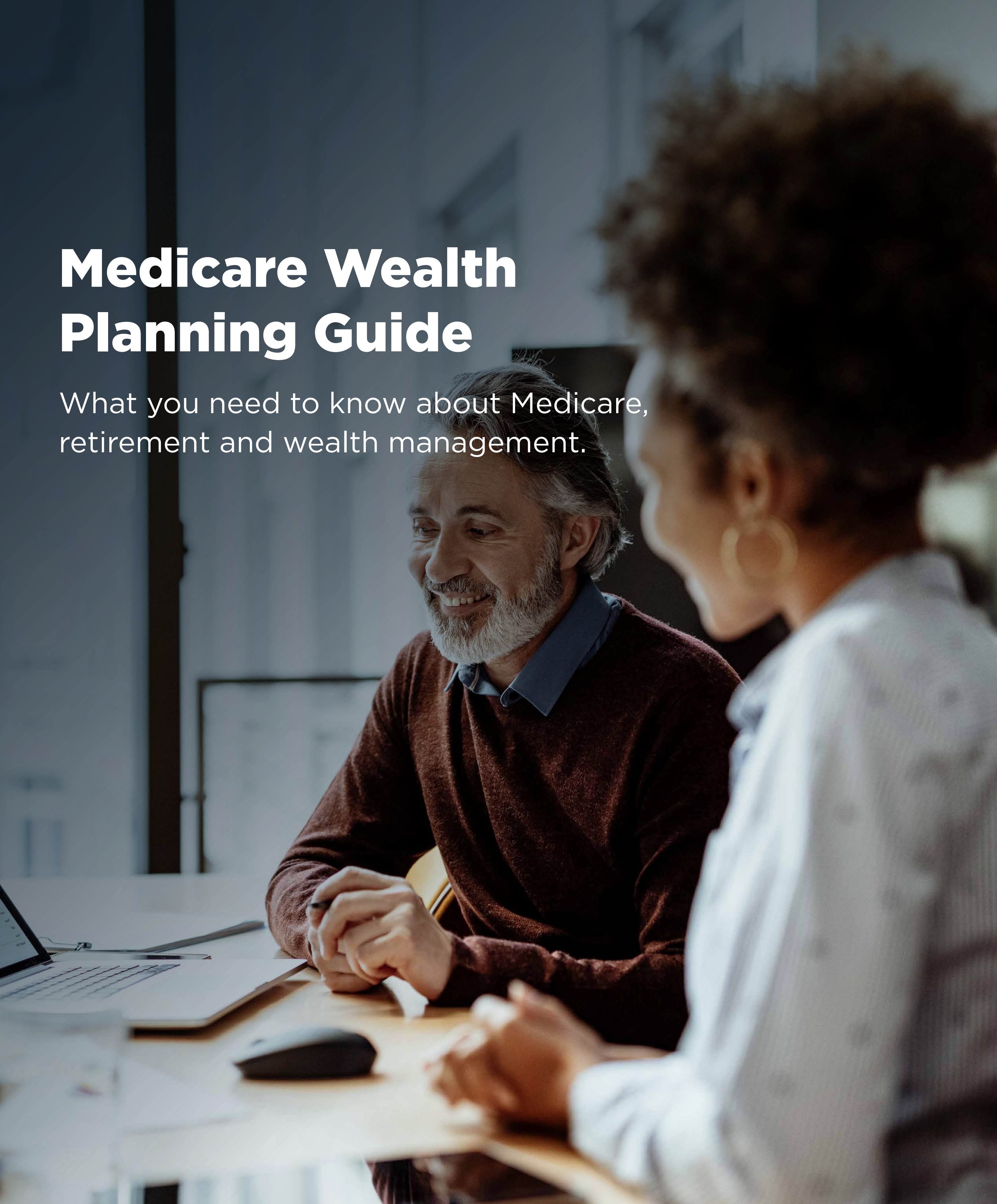

Medicare Wealth Planning Guide

What you need to know about Medicare, retirement and wealth management.

How to Make Sense of Medicare Complexity and Secure Your Future

Medicare. The word gives those nearing retirement a sense of comfort when they contemplate the future. It's guaranteed healthcare insurance once you turn 65 regardless of current employment, insurance or physical health, regardless of the income you have for retirement.

But that's just the overview. Medicare can be a bewildering array of insurance options, rules and costs. For high-net-worth individuals, it can become even more complicated as they try to integrate it into their wealth management plan.

HUB's wealth management advisors can help you incorporate Medicare into your broader financial strategy — and connect you with our Medicare specialists for plan selection. This guide will show the basics of Medicare, explain the different types of coverage involved and illustrate ways to include Medicare into your wealth management strategy.

The basics of Medicare: Part A and Part B

At its base, Medicare is divided into sections, Part A and Part B — together known as Original Medicare.

Part A covers hospital expenses, skilled nursing facilities and hospice care.

Part A is free and covers all hospital expenses but has a deductible of $1,736 per hospital visit for the first 60 days.

Part B covers expenses incurred outside a hospital setting, like doctor's visits, medical equipment and preventive services.

Part B has a premium starting at $202 per month with a $283 annual deductible and 20% coinsurance, which the patient is responsible for paying.

The Insurance side of Medicare

Medicare Advantage (Part C) is an all-in-one alternative to Original Medicare offered by private insurers. It bundles hospital and medical coverage and usually prescription drug (Part D) coverage into a single plan. These plans typically have lower or no premiums but use networks (HMO or PPO) and involve cost sharing like copays and deductibles at the time of service. Out-of-pocket maximums provide a cap on annual expenses.

KNOW WHEN TO ENROLL AND HOW THAT AFFECTS YOUR CURRENT HEALTH INSURANCE COVERAGE

One of the biggest myths about Medicare is that individuals are obligated to sign up at age 65. For someone still working and on an employer's health plan, there's no need to enroll until they retire.

This can help solve a common problem for married couples, which is when one spouse is eligible for Medicare, but the other is under 65. The younger person cannot enroll in Medicare just because their partner does. Delaying retirement extends healthcare coverage for both.

Those who don't have that option and need to enroll at 65 need to determine different coverage options for their spouse. They can extend work coverage through COBRA, have the younger spouse find coverage through ACA exchanges, or another arrangement.

There's also a different reason for delaying enrollment in Medicare: The IRS does not allow contributions into an HSA once individuals enroll into Part A.

The Insurance side of Medicare

Medicare Supplement (Medigap) works alongside Original Medicare to cover the "gaps" — costs like deductibles, coinsurance and copays that Medicare doesn't pay. You keep Original Medicare as your primary coverage, and the Supplement plan pays secondary. These plans typically have higher monthly premiums but offer more predictable costs, no networks and the freedom to see any provider that accepts Medicare nationwide. Prescription drug coverage (Part D) is not included and must be purchased separately.

Medicare at age 65

For individuals turning 65 and have health insurance coverage through an employer, there are three options to consider:

01 Stay on the employer plan, do not enroll in any part of Medicare

- No penalty as long as the employer has 20 or more employees
- If employer has less than 20 employees, must enroll in Part A and B

02 Stay on the employer plan, enroll in just Part A of Medicare

- No cost to Part A. Employer plan will be primary, Part A secondary for inpatient hospital expenses
- If you enroll in Part A, neither you or employer can contribute to your HSA (Health Savings Account)

03 Come off the employer plan, make full transition to Medicare

- Turning 65 is a qualifying event to come off the employer plan
- Compare cost/coverage of employer plan vs. Medicare to determine which option is best

KNOW YOUR IRMAA SURCHARGES

High retirement income is a financial strength, but it does affect Medicare premiums. The program has an income-related monthly adjustment amount (IRMAA), which raises premiums for higher-income participants.

For example, the monthly premium of $202.90 for Part B increases to $284.10 for individuals making $109,000 to $137,000 a year. There are five brackets in total, culminating in a monthly premium of $689.90 for those making $500,000 and above ($750,000 for married couples filing jointly).

Likewise, IRMAA affects Part D premiums, with surcharges ranging from $14.50 to $91 per month.[1]

[1]Centers for Medicare & Medicaid Services, "2026 Medicare Parts A & B Premiums and Deductibles," November 14, 2025.

Understanding Medicare Advantage and Medigap

Enrollees need to sign up for insurance that covers the gaps in Part A and Part B. Coverage comes in two forms: Medicare Advantage or Medigap (also known as a Medicare supplement plan).

Medicare Advantage plans have the benefit of a low or no monthly premium and usually include Medicare Part D. A member is responsible for co-pays up to an out-of-pocket limit, usually $4,000 to $5,000, and is limited to providers that are in the insurer's network.

Medigap insurance has higher premiums than Medicare Advantage, based on age and location. It also requires separate drug coverage under Part D.

Medicare Roadmap

In addition to Original Medicare, choose Advantage (Part C) or Supplement & Part D.

Original Medicare	
Part A	Inpatient Hospital Insurance
Part B	Doctor/Outpatient Insurance

Advantage Part C	**Supplement** Medigap Insurance	**Part D** Prescription Drug Insurance
○ Low Premium/Copays at time of service ○ Most include Part D at no extra premium ○ Networks (HMO/PPO)	○ Mandated benefits — All carrier plans are the same ○ Higher premium/less out of pocket costs at time of service ○ No Rx included (need Part D) ○ Use any doctor/facility that accepts Original Medicare	○ Must have creditable coverage at age 65 — can be through an employer plan, VA or other Medicare retiree plan ○ National average cost is $38.99/mo. ○ Annual Enrollment Period (AEP) is October 15 to December 7

However, Medigap plans have lower out-of-pocket costs at the time of service. There are multiple types of Medigap plans, identified by letter, which cover different expenses. The most popular option is perhaps Plan G, which covers 100% of medical expenses under Part A and, after a $283 deductible, all expenses for Part B.

The decision between Medicare Advantage and Medigap often comes down to whether you want to have low or no monthly premiums in exchange for higher out-of-pocket costs (Medicare Advantage) *or* higher monthly premiums in exchange for minimal out-of-pocket expenses (Medigap).

One important caveat: If you want to switch plans after enrolling, it's far easier to go from Medigap to Advantage than conversely. Going from a Medigap plan to Advantage means qualifying based on the enrollee's medical history — and enrollment is not guaranteed.

Your wealth advisor can help ensure your Medicare coverage fits your broader financial plan, and connect you with HUB's Medicare team for plan selection.

Tax Considerations and Penalties for Medicare

When enrolling in Medicare, it's important to understand the tax implications and the penalties that apply if certain conditions aren't met.

Here are the basics for Part B penalties:

- Once an employer plan ends, you have an eight-month window to sign up for Medicare to avoid penalties.
- If you don't sign up for Medicare in that window, you will pay a 10% premium penalty for every year you were eligible but did not sign up
- The premium penalty is added each month — it is not a single penalty

THE HSA DILEMMA

Many people nearing enrollment in Medicare have sizeable balances in their health savings accounts (HSAs). But while HSA funds can be used for Medicare, it requires some advance planning to avoid additional taxes and penalties on the funds.

Those enrolling in Medicare at 65 must stop HSA contributions the first of the month they turn 65. Those who delayed enrollment past 65 need to stop contributions at least six months before applying.

This is where strong financial guidance matters. HUB Private Wealth advisors can help you determine the right strategy for taxes and avoiding Part B penalties.

Health Savings Accounts

- At age 65, you can use your HSA to pay for Medicare parts A, B, D and Medicare Advantage premiums tax-free and penalty-free.
- If you delay Medicare enrollment past age 65, your Part A effective date can be backdated six months.
- The year an individual enrolls in Medicare, they will be able to contribute a pro-rated amount to an HSA for the months they were not eligible for Medicare

Example	Medicare Enrolled Date: **7-01-2026**	Single Maxed Allowed in 2026 **$5,400**	Pro-rated Amount to Contribute: **$2,700**

Advanced Planning: Integrating Medicare With Wealth Management

What many potential retirees may not realize is the importance of Medicare strategy within wealth management. Integration into a comprehensive wealth management plan means multi-year planning to optimize Medicare timing with retirement income and handling the estate planning implications of Medicare.

One oft-overlooked element is how Medicare interacts with income from Roth IRA or Roth 401(k) retirement accounts. Distributions from a traditional IRA count against the IRMAA income brackets, increasing Part B premiums.

Those nearing retirement can reduce their IRMAA exposure by doing a partial conversion of their IRA or traditional 401(k) into a Roth IRA or Roth 401(k). Ideally, this is done at least two years before signing up for Medicare, as IRMAA is based on income two years prior to enrollment.

For instance, the top of the 12% federal bracket is about $100,000 for a married couple filing jointly. Converting funds up to that amount reduces future RMD amounts, and since Roth IRA distributions do not count toward modified adjusted income (AGI), the conversion helps manage IRMAA exposure.

Estate planning considerations

Medicare doesn't cover long-term care. Long-term care must be funded by the individual, making advanced planning essential, as long-term care expenses can quickly shrink a retirement portfolio.

Roth IRAs can have a double benefit. Not only are Roth IRA distributions exempt from income counted toward Medicare premiums, but they pass to beneficiaries free from income tax.

Know how to use Medicaid without going insolvent. Many believe they need to liquidate almost their entire estate before receiving Medicaid benefits for long-term care. However, careful planning — and wise use of Roth IRAs and other vehicles — can shield retirees from this dilemma.

Checklist

A financially healthy retirement means having a strong Medicare plan. Always consider the following items when you start assessing how Medicare fits into your retirement:

- **Think ahead as far as possible.**
  As circumstances change, it isn't always feasible to plan too far ahead. But having a good idea of when you'll need Medicare is a necessary first step. Devise a plan with your advisor one to two years prior to when you'll need Medicare.
- **Assess your needs before assessing Medicare.**
  Remember that your healthcare expenses will rise as you age, but everyone's situation is different. Honestly evaluate your healthcare needs and current lifestyle to help determine the best course of action.
- **Know that Medicare pays the same nationwide, but healthcare costs will vary across geographies.**
  This is especially important when evaluating Medicare Advantage, Medigap and drug coverage. Not only will premiums vary but so could out-of-pocket expenses.
- **Evaluate your HSA through the lens of Medicare.**
  Medicare has specific rules about HSAs that affect contributions and usage. For instance, contributions must stop at least six months before enrolling in Medicare Part A, but no earlier than turning age 65.
- **Work with your wealth advisor and HUB's Medicare team to determine the right supplement insurance strategy for your situation.**
  Even the most financially sophisticated individuals may have a difficult time figuring out how to decide between Medicare Advantage and Medigap plans — not to mention what type of Medigap and drug coverage you need.
- **Collaborate with your advisor on determining IRA conversions.**
  In converting funds in a traditional IRA or 401(k) to their Roth equivalent, you can save substantially for Medicare premiums and taxes. Talk with your wealth advisor to determine the best course of action.

You need financial advice from people who understand your situation, whether it's about Medicare, investments or estate planning. HUB Retirement and Private Wealth advisors will work with you to optimize your financial situation and guide you into the future.

Strategic support that puts you in control.

Effectively engaging your multigenerational workforce means personalizing both benefits and communications — and looking beyond generations to individual needs so you can offer the solutions best suited to your employee population.

We can advise you on how to confidently navigate the changing demographics of your workforce by leveraging persona analysis insights to tailor a strategy for your total employee population — from core and voluntary benefits to retirement to their overall health and performance.

Contact a HUB advisor today at:

HUB Retirement and Private Wealth advisors