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Money In Motion

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The Patient Protection and Affordable Care Act

This Act requires all U.S. citizens and legal residents to have qualifying health-care coverage by January 1, 2014. Anyone who doesn't meet this mandate will have to pay a penalty of $95 per adult or 1% of the family income, whichever is greater. In 2016 the penalty goes to $695 per adult or 2.5% of the family income. The Act will continue to support coverage for those dependents who are under the age of 26. Both married and unmarried young adults will continue to be covered. The young adult does not have to be living at home, claimed on their parent's tax return, or even a student.

As general health care costs rise, Medicare beneficiaries are forced to pay higher premiums, deductibles, and coinsurance amounts. The Act is supposed to bring these costs down by slowing the rate of growth of payments to healthcare providers, improving program efficiency, and phasing out the prescription drug coverage gap. Also Part D, the "doughnut hole" is being phased out.

Starting in 2014, the Affordable Insurance Exchanges will level the playing field and make the purchase of health insurance easier and more affordable. Right now, the Early Retiree Reinsurance Program will make it easier for people age 55 and older who retire, but are not yet eligible for Medicare, to get coverage at a reasonable rate. The Exchange will offer essential health benefits; such as ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use, prescription drugs, lab work, rehabilitative services, wellness and preventative services, as well as chronic disease management and lastly, pediatric services and oral and vision care.

Starting September 23, 2012 or soon after, health insurers will be required to provide all policyholders with the Summary of Benefits and Coverage Plan in plain English. They also cannot cancel policies or rescind benefits due to an honest mistake by the insured on the policy application. *(continued on page 2)*

Test Your Money IQ

Q. What does APR mean?
A. Annual percentage rate, the total cost of credit over the whole year, including rate and fees. You will often see APR when you are looking at mortgage rates or other bank loan rates. It gives you the ability to compare one loan to another.

Q. Your credit score is important for a host of reasons. One being when you go to apply for a mortgage. If you have a score of 760 or better – how much lower could your mortgage rate be compared to someone who has a score of 620?
A. The rate could be as much as 1.5% lower.

Q. At what age can you start to take withdrawals from your IRA accounts or 401(k) accounts without a tax penalty being applied?
A. 59 ½

Q. At what age is it mandatory to start taking your Required Minimum Distribution (RMD) from your retirement accounts?
A. 70 ½

Q. What is a Reverse Mortgage?
A. It is when a homeowner aged 62 or older takes out a loan that converts home equity into cash without selling their home or vacating the home. The loan will be repaid when the homeowner dies, moves or sells.

Q. If you had a choice of getting $100,000 at once **OR** getting a penny that's doubled every day for a 31-day month, which would you choose?
A. A penny whose sum is doubled for 31 days will yield nearly $11 million dollars.

Top 15 Worst Passwords To Use

If your on-line passwords are any of the codes shown on the Top 15 List then you are in good company. These are the most commonly used codes throughout the internet. The only problem is that these are the easiest codes for cybercriminals to hack into.

Using any of these codes will increase your risk of identity theft. Here are some tips on how to make your on-line codes less risky: use codes that are 12 characters long, mix up the codes-use upper and lowercase letters, spaces, underscores and symbols, for ease to remember-pick your favorite things. Whatever codes you use, change them up often and don't use the same code for all your on-line activity i.e., financial accounts, social media, e-mails, etc.

Top 15 List

1. password
2. 123456
3. 12345678
4. qwerty
5. abc123
6. monkey
7. 1234567
8. letmein
9. trustno1
10. dragon
11. baseball
12. 111111
13. Iloveyou
14. master
15. sunshine

The Patient Protection and Affordable Care Act *(continued from page 1)*

They will not be allowed to limit doctor choices or ER access and women seeking OB/GYN care will not need a referral from their primary care physician. Any proposed rate increase will go through stringent review before implemented. Lastly, members will get value for their premium dollars; 80% of the dollars will go toward medical care and the improvement of medical care.

This Act is expected to cost a total of $938 billion. It will be funded partly by the overhaul of Medicare and increased tax revenue from high-income taxpayers.

- Higher Part A tax – the rate goes from 1.45% to 2.35% starting January 1, 2013 on wages over $200,000 for single taxpayers and $250,000 for married couples filing jointly.

- 3.8% surtax on unearned income over $200,000 for single and $250,000 for married taxpayers filing jointly. This surtax applies to investment income including interest, dividends, capital gains, annuities, rents and royalties or the amount of modified income over the $200,000/ $250,000 whichever is less. Your Required Minimum Distribution (RMD) by default will be included in your AGI.

- Medicare beneficiaries with MAGI over a certain threshold must pay an "income-related monthly adjustment amount" (IRMAA) on their Part B and Part D premiums. In 2012 the IRMAA for Part B starts at $40 and goes to $219.80 and for Part D it starts at $11.60 and goes to $66.40. In the past, the income thresholds were $85,000 for single individuals and $170,000 for married couples and were adjusted for inflation. This Act freezes the income threshold, subsequently as incomes rise it will include more people.

- The threshold for deducting medical expenses will now go from 7% of medical expenses to 10% effective January 1, 2013. This increase is waived for individuals over 65 in years 2013 through 2016.

Individuals who retire before becoming eligible for Medicare at 65 will benefit greatly from the Act, as they will now be able to obtain comprehensive individual health insurance at a reasonable price, even if they have a pre-existing condition.

How we approach your income needs in the coming years will be greatly influenced by the up and coming health rules. As you approach retirement or live within the current and new system, we must work together to formulate the right investment plan to meet your goals.