

Healthcare Planning for Retirement

Understanding Your Medicare Options

RETIREMENT



Merrill Lynch
Wealth Management

Bank of America Corporation



What You Need to Know to Make Informed Decisions About Your Medicare Coverage

Planning for healthcare costs is an essential component of a comprehensive retirement plan. It helps to ensure you have healthcare coverage throughout your lifetime while it helps guard against negative impacts to your portfolio or retirement income plan should you encounter significant or unexpected healthcare expenses.



Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation.

Investment products:

Are Not FDIC Insured

Are Not Bank, State Or Federal Guaranteed

May Lose Value

MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of Bank of America Corporation.

© 2010 Bank of America Corporation. All Rights Reserved.



For most people, Medicare will be the anchor of their healthcare coverage plan once they reach age 65. This program consists of the following:

- Coverage for many hospital, medical and prescription drug expenses
- Variety of plan options, allowing for selection of benefits to fit your needs
- A formalized structure for enrollment

Keep in mind that Medicare will not cover all of your healthcare expenses so you will need to consider how to cover these out-of-pocket costs.

It is advisable to seek assistance when making decisions about Medicare coverage, whether from Medicare itself or another trusted source. You'll find a list of resources at the back of this brochure. With healthcare costs continuing to rise faster than inflation, you should consider working with a financial advisor to integrate the expected costs of your healthcare into your overall retirement income plan and investment strategy.

This guide will give you the information you need to understand Medicare:

An Overview of Medicare

Medicare Enrollment

**Selecting Medicare Plans:
Case Studies**

**Planning Considerations
and Information Resources**



An Overview of Medicare

What is Medicare?

Medicare is a federal health insurance program. At age 65¹ you become eligible for Medicare, which consists of four types of coverage: Parts A, B, C and D.

What are your coverage options?

There are two common ways to receive Medicare—Original Medicare and Medicare Advantage Plans.² Some individuals may have the option to maintain coverage through their employer or union, but many will utilize Medicare to provide their healthcare benefits.

Original Medicare (Parts A and B)

- Original Medicare consists of Part A hospital coverage and Part B medical services coverage.
- When you enroll in Medicare you are automatically in Original Medicare unless you choose to join Medicare Advantage described below.
- This program provides flexibility to go to any doctor or hospital that takes Medicare and does not require a referral.
- Medicare does not cover all of the costs of healthcare, so many people choose to purchase a Medigap policy to fill some of the gaps in coverage.

An Overview of Medicare (continued)

Medicare Advantage Plans (Part C)

- Health benefits are provided by a private insurance company approved by Medicare.
- To qualify for Medicare Advantage you must have enrolled in Parts A and B.
- Part C includes all of the services covered by Original Medicare and may offer additional coverage such as vision, hearing and dental. Many plans include prescription drug coverage.
- There are different available structures, such as Health Maintenance Organizations and Preferred Provider Organizations. Some plans may require referrals or may restrict you to doctors in a network.
- The services and costs vary across plans.
- Plans may be limited to a certain geographic area, so if travel or moving is a big consideration Medicare Advantage might not be for you.
- You don't need nor can you use a Medigap policy with Medicare Advantage.

Prescription Drug Coverage (Part D)

- Provides protection for people with high drug costs.
- Covers both brand-name and generic prescription drugs.
- Has different premiums, deductibles and copayments, depending on the insurer.

What is Medigap (Medicare Supplemental Insurance)?

Medigap is supplemental to Original Medicare and is designed to fill gaps in coverage such as copayments, coinsurance and deductibles. Some policies may also offer additional services not offered by Medicare. These policies are optional.

- Policies are offered by private insurers but follow strict federal and state laws. They are standardized and are identified by letters.³ Each letter represents a different set of benefits and cost structures.
- Generally you must be enrolled in both Parts A and B to buy a Medigap policy. The policy covers one person.
- Medigap policies should be purchased during the first six months of being enrolled in Part B. During this six-month window you are guaranteed the right to buy a Medigap policy. This period cannot be delayed or replaced. After this period coverage may be available but is not guaranteed.
- Costs vary based on the coverage and insurer.
- These policies cannot be used in conjunction with Medicare Advantage.



An Overview of Medicare (continued)

Program	Features and Benefits	Costs	Late Enrollment Penalties
Part A Hospital Insurance	<ul style="list-style-type: none"> It helps pay for inpatient hospital and skilled nursing care, home healthcare and hospice care. You are automatically enrolled if you are already receiving Social Security benefits. No physical exam is required. 	<ul style="list-style-type: none"> Usually there is no premium if you or your spouse paid Medicare taxes while working.⁴ 2011 hospital deductible is \$1,132. Coinsurance and copayments apply. Some people who do not qualify for premium-free coverage can pay a premium to obtain it. 	<ul style="list-style-type: none"> If you don't qualify for premium-free coverage and elect to purchase it but don't buy it when first eligible, your monthly premium may go up by 10%. This penalty will be assessed for twice as many years as you were eligible but didn't join.
Part B Medical Insurance	<ul style="list-style-type: none"> It helps pay for doctors' services, outpatient care, and other medical services and supplies not covered by the hospital insurance. It covers an initial physical exam within the first 12 months of enrollment. Starting in 2011, an annual physical exam will be available. 	<ul style="list-style-type: none"> 2011 standard monthly premium is \$115.40, but most people will continue to pay the same Part B premium they paid last year. Monthly premiums for higher-income beneficiaries vary by income and may be as high as \$369.10.⁵ Typically Part B premiums are taken out of Social Security benefits. 2011 deductible is \$162. Coinsurance and copayments apply. 	<ul style="list-style-type: none"> If you do not enroll when first eligible, your monthly premium may go up by 10% for every 12 months you were eligible but did not enroll. This penalty may remain for as long as you are enrolled in Part B.
Part C Medicare Advantage Plans	<ul style="list-style-type: none"> They are an alternative to Original Medicare offered by private insurers. Plans cover Parts A and B and often Part D. They may offer benefits or services not covered by Medicare. 	<ul style="list-style-type: none"> They provide care under contract to Medicare, so you continue to pay the Part B premium and you may pay an additional premium. Costs are determined by the insurer and will vary. 	<ul style="list-style-type: none"> You may enroll only during specific periods of time. See penalties for late enrollment in Part A and Part B.
Part D Prescription Drug Insurance	<ul style="list-style-type: none"> Protection is provided for people with high drug costs. Both brand-name and generic prescription drugs are covered. It is offered through private insurance companies approved by and under contract with Medicare. 	<ul style="list-style-type: none"> Premiums, deductibles and copayments vary depending on the insurer. In general, you pay a monthly premium, along with cost-sharing amounts for each prescription. Most plans have a coverage gap—after you and your plan have spent a certain amount, you pay all costs up to a yearly limit. Plans do not cover every drug, so it is important to check the plan formulary that lists the covered prescriptions. 	<ul style="list-style-type: none"> If you do not enroll when first eligible and do not have other coverage, your monthly premium will go up by 1% of the national base beneficiary premium (\$32.34 in 2011) for each month you were eligible but did not enroll. This penalty remains for as long as you are enrolled and may increase each year. There is no penalty if you had creditable coverage during this period, meaning coverage that is expected to pay on average as much as Part D. You should receive a written notice from the plan that provided your creditable coverage.

An Overview of Medicare (continued)

What isn't covered by Medicare?

Keep in mind that Medicare will not cover all of your healthcare expenses. For covered services in Original Medicare, you typically will need to pay a deductible, coinsurance or copayment. Certain services such as long-term care, acupuncture, cosmetic surgery, routine dental care and routine vision care are not covered at all. Some of these services may be available to you through Part C Medicare Advantage, though an additional premium may be charged.





Medicare Enrollment

When can you sign up for Medicare?

If you are already receiving Social Security, you will automatically be signed up for both Part A and Part B with the option to withdraw from Part B (if, for example, you have and wish to continue coverage through your employer). You will receive a Medicare card in the mail two to three months before your 65th birthday. Coverage begins the first day of the month you turn 65.

If you are not currently receiving Social Security, you will need to apply for Medicare during the enrollment periods. Your initial enrollment period is the seven-month period beginning three months before the month in which you turn 65.

For Part D coverage, you need to opt in by filling out a form and enrolling in an approved plan. You must have Part A or Part B or Medicare Advantage to enroll in Part D.



Medicare Enrollment (continued)



Example: When to Enroll in Medicare

Robert is currently employed and is approaching his 65th birthday. Robert turns 65 on August 8, 2011. He has group coverage until he retires at the end of the year, December 31, 2011. When can Robert enroll in Medicare?

Initial Enrollment Period	May 1, 2011 – Nov. 30, 2011	3 months before through 3 months after his 65th birthday month.
Special Enrollment Period	Aug. 8, 2011 – Aug. 31, 2012	After his 65th birthday, he can enroll while still covered at work or within 8 months after the month in which his employment or coverage ends.
General Enrollment Period	Jan. 1 – Mar. 31 every year	If he doesn't enroll during the initial or special enrollment periods, he still has the general enrollment period.

COBRA (Continuation of Group Health Insurance Coverage)

If you have the option for COBRA coverage, you should be aware that this does not affect the special enrollment period, so do not wait to enroll. If you are over 65 and wait until the end of your COBRA coverage period to enroll in Part B, you may have to wait to enroll at the next general enrollment period. This may result in a period of time during which you are no longer covered by COBRA and are not yet covered by Medicare. In addition, you may face a penalty in the form of a higher premium. See page 11 for more information about COBRA.

What if you're still working at age 65?

Even if you are still working at age 65 you will be eligible for Medicare. You may find that your employer provided health plan meets more of your needs.

Work with your benefits representative to determine how your plan interacts with Medicare and to determine what type of coverage makes sense for you.

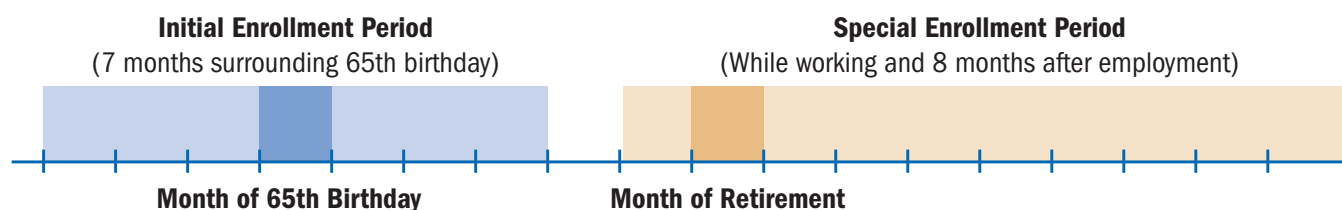
- It may make sense for you to enroll in Part A and delay enrollment in Part B until you are no longer covered by your employer. While you are working, Medicare is generally secondary so your employer's plan will pay first.⁶ Part A may cover some of the costs not covered by the employer's plan. Part B may offer limited value as premiums may be higher due to employment income and Part B enrollment may trigger the six-month Medigap enrollment period, which cannot be delayed or replaced.
- There is a special enrollment period for those still working at age 65 who are covered by an employer's plan. You can enroll penalty-free in Medicare any time while covered by your employer or during the eight-month period that begins after the month in which employment or coverage ends.

Medicare Enrollment (continued)

What happens if you miss an enrollment date?

If you miss the initial enrollment or special enrollment periods, you can still sign up for Medicare during the annual general enrollment period; however, there may be a penalty or an increased premium.

Medicare Initial Enrollment Timeline

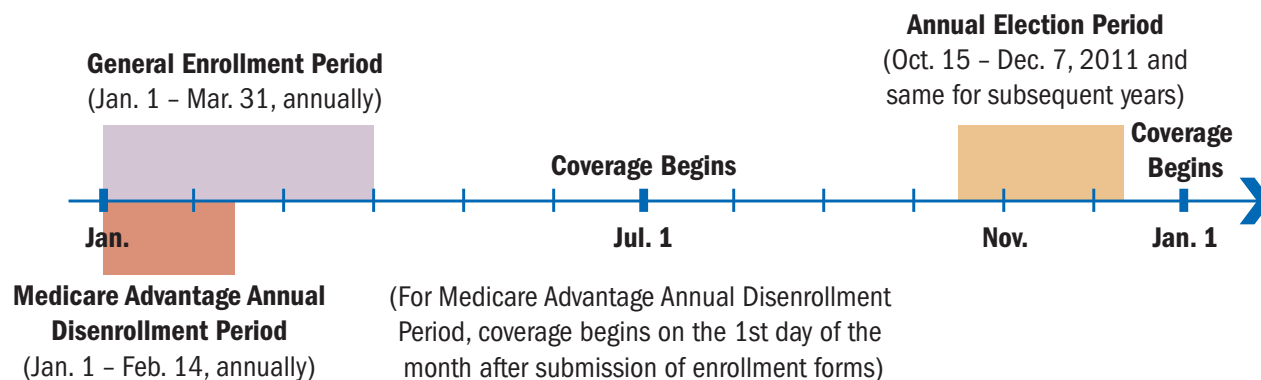


Key Enrollment Dates

Enrollment Period	When It Occurs
Initial Enrollment Period	It begins 3 months before your 65th birthday month and runs until 3 months after that month.
Special Enrollment Period	It begins any time after age 65 while covered by an employer, and it ends 8 months after the month in which work stops or coverage lapses.
General Enrollment Period	Jan. 1 – Mar. 31
Annual Election Period	Oct. 15 – Dec. 7, 2011 and same for subsequent years
Medicare Advantage Annual Disenrollment Period	Jan. 1 – Feb. 14
Medigap Enrollment Period	It begins the first day of the month you are age 65 or older and are enrolled in Part B, and it runs for 6 months.

Medicare Enrollment (continued)

On-going Enrollment Timeline



Key Enrollment Dates

Enrollment Period	Who Is Impacted?	What You Should Know
Initial Enrollment Period	Those enrolling in any part of Medicare.	Those receiving Social Security benefits are automatically enrolled in Parts A and B. Those not yet receiving benefits must apply. If you do not have employer coverage and miss the initial enrollment period, penalties will be imposed.
Special Enrollment Period	Those who continue to work after age 65 and decide to delay enrollment.	Receiving COBRA benefits does not affect the special enrollment period.
General Enrollment Period	Those who did not enroll in Parts A or B in their initial enrollment or special enrollment periods.	Coverage does not go into effect until Jul. 1.
Annual Election Period	Those who want to switch from Original Medicare to Part C or vice versa, switch from one Part C plan to another, or join, switch or drop Part D plans.	Coverage goes into effect on Jan. 1.
Medicare Advantage Annual Disenrollment Period	Those who want to switch from Part C to Original Medicare.	Those who switch may also enroll in Part D.
Medigap Enrollment Period	Those who want a supplemental policy to fill their gaps in coverage.	You need to be enrolled in Medicare Parts A and B and cannot be enrolled in Part C. Missing the period may limit your options and lead to penalties.

Selecting Medicare Plans: Case Studies

Things to Consider

Deciding what type of coverage meets your needs requires balancing the benefits provided with the potential costs. Consider the following questions:

- What is most important to you—services covered, flexibility, cost structure, etc.?
- Do you have, or are you eligible for, other types of healthcare or prescription coverage?
- What types of services do you need and are these services covered?
- Do your doctors and hospitals accept the coverage? Do you have to choose your doctors and hospitals from a network? Do you need a referral?
- How much are your premiums, deductibles and copayments? Is there a limit for how much you could pay in a year for out-of-pocket expenses?
- What are your prescription drug needs? Are your drugs covered? What will they cost?
- Will the plan cover you if you are away from your home state?



Jean wants a single provider for all services, along with dental and vision coverage.

The Situation

Jean is currently retired and is evaluating her healthcare options. She turns 65 this year so she has been researching available plans in her area. Travel is not a big part of her retirement plan. Instead, she'd like to spend time with friends and work in her garden. She wants a plan that offers simplicity. When Jean had worked in the past her previous employer had offered an HMO. Jean was comfortable using that plan and never had any problems with it. One thing that is important to Jean is a vision plan. She worries that without dental or vision coverage she might not get the checkups she needs and may incur higher charges down the road.

The Solution for Jean

Enroll in Part C Medicare Advantage with Part D Prescription Drug Coverage

Jean decides to purchase a Medicare Advantage plan in her area. She likes that the plan covers services that Original Medicare does not offer, such as routine vision and dental care. She reaches out to her doctor to determine the Medicare Advantage plan networks in which he participates, and she decides to enroll in a plan where she can continue to see her doctor. She also finds that her prescription drugs are covered by the plan and her local pharmacy is also within the network. Jean is pleased that the plan includes prescription drug coverage so she can get all of her healthcare needs through one provider to simplify this aspect of her retirement.



These snowbirds want multi-state coverage and lower potential out-of-pocket costs.

The Situation

Bill and Sarah have recently retired and are deciding what medical coverage will best meet their needs. During retirement they plan on spending winters in Florida and summers at their home in Michigan. It is important to them that they have the flexibility to work with doctors and hospitals in both locations. Bill has a family history of heart disease, so he wants to make sure he is not limited in his ability to seek a second opinion or work with specialists. He is also concerned about their potential out-of-pocket costs.

The Solution for Bill and Sarah

Original Medicare Parts A, B and D with Medigap Policy

Bill and Sarah decide to enroll in Original Medicare. They like the flexibility it offers them to go to any doctor or any hospital where Medicare is accepted. They decide to purchase Medigap policies to limit their out-of-pocket costs. Bill picks a more comprehensive policy than Sarah because he believes the added premium will pay off in the end. Although Bill found Medicare Advantage plans that had lower premiums, he felt the Medigap coverage would better limit his expenses should his health decline. Bill and Sarah purchased stand-alone Part D prescription drug plans that have nationwide coverage so they can pick up their prescriptions from a nearby pharmacy while traveling.

Selecting Medicare Plans: Case Studies

Continuation of Group Health Insurance Coverage (COBRA) Until You Reach Age 65

In certain situations,⁷ individuals may have the option to extend coverage available through their employer until they become eligible for Medicare at age 65. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), certain former employees, spouses (current and former) and dependent children are given the right

to continuation of group healthcare insurance coverage for a period of time. Group health plans with 20 or more employees are subject to COBRA and must offer these previously covered individuals the same health insurance coverage they received while employed. The recipient generally pays the full cost of the group coverage plus up to an additional 2% of the premium. You should discuss this potential option with your employer's benefits administrator.



Michael has coverage through his employer and plans to work until age 70.

The Situation

Michael is an executive at an engineering firm and plans on continuing to work until at least 70. He turns 65 this year and understands that he can now enroll in Medicare. He also knows that he has the option to keep his employer-sponsored plan. Michael contacts his benefits administrator at work to find out how his plan works with Medicare. Michael's plan will provide primary coverage and Medicare will provide secondary coverage.

The Solution for Michael

Keep employer coverage, enroll in Part A now and delay enrollment in Parts B and D.

Michael decides to keep his current employer-sponsored coverage. He finds not only that his current plan covers more services than Part B, but also that it appears to be less expensive. Michael decides to enroll in Part A because it will not cost him anything and it could provide him with additional support beyond what his employer-sponsored plan provides. He decides to delay his Part B enrollment since the premium could be as high as \$369.10 per month and there would not be enough additional benefit right now. Similarly, Michael finds his current prescription drug coverage is less expensive than Part D. Michael's plan is considered creditable coverage so if he later decides to enroll in Part D, he should not face a penalty.



Ray is retiring at 67 and his wife is younger than 65.

The Situation

Ray, age 67, is retiring this year and plans to enroll in Medicare Advantage during his special enrollment period. Ray chose Medicare Advantage to have additional medical coverage including dental and vision care. Ray's wife, Julie, has been covered by Ray's group health plan insurance through his employer. Julie will not be eligible for Medicare until she turns 65, about 2 years from now. Julie has a pre-existing condition that makes it difficult to find private insurance. Ray and Julie are trying to evaluate their options.

The Solution for Ray and Julie

Ray enrolls in Part C Medicare Advantage and Julie uses COBRA from her husband's employer-sponsored plan until she is eligible for Medicare herself.

Julie can maintain coverage in Ray's employer-sponsored plan through a COBRA election. For this coverage, she will pay the full amount of the insurance premium plus an additional 2%. Julie is eligible for this COBRA coverage until she turns 65, at which time she will be eligible for Medicare. COBRA eligibility may last up to 36 months, depending on the qualifying event. To make sure Julie will have continuous coverage, Ray checked with his employer to find out about the eligibility period for Julie under COBRA before he retired.

Planning Considerations and Information Resources

Pre-Enrollment

Maintain a good set of records.

If you decide to maintain your employer or union-provided health plan and delay enrollment in Parts B or D, make sure you keep thorough records of your decisions and the conversations you had with Medicare so you don't face a higher premium when you later enroll. You should receive a notice from your employer or union-provided plan that says you have creditable coverage. Make sure you keep this notice.

Consider available coverage options for a younger spouse until he or she reaches 65.

Medicare is not offered as a family or dependent benefit. Generally Medicare is only available to individuals age 65 or older, so even though you might be 65 your spouse cannot receive Medicare benefits until age 65. Your spouse could evaluate COBRA, individual health insurance, or employer-sponsored health insurance from part-time employment as potential coverage options to fill the gap.

If you travel, look into plans that will cover care across state lines and overseas.

Original Medicare will cover your hospital and medical costs anywhere in the United States. Medicare Advantage is required to cover emergency and urgent care while you are anywhere in the United States, but there is no requirement that non-urgent care be covered, so it is important to check exactly how the coverage is written. For travel outside of the United States, in most circumstances Original Medicare will not cover your expenses. Some Medicare Advantage and Medigap policies may cover foreign travel emergencies.

What if I have COBRA coverage when I become eligible for Medicare?

Sign up for Medicare when you are eligible, so that you will not face a penalty for late enrollment and a possible gap in coverage.

Post Enrollment

Complete an annual Medicare coverage review.

To help ensure that your plans continue to meet your needs, you should review current coverage levels annually and research whether there may be other options that would be a better fit.

Information Resources

For a list of resources you can access for more information, see the back cover of this brochure.

How Healthcare Legislation Will Affect Medicare

Healthcare legislation passed in 2010 will affect Medicare over the next 10 years. Below are a few short-term changes that you should be aware of.

- **Prescription Drug Coverage Gap:** Beginning in 2011, steps will be taken to gradually close the coverage gap until it is fully eliminated in 2020.
- **Reduced Cost of Preventative Care:** Beginning in 2011, cost-sharing for preventative services will be eliminated and Part B will cover an annual physical exam.
- **Increased Premiums for High-Income Earners:** Beginning in 2011, those high-income individuals who pay an increased premium for Part B will also pay an income-related premium for Part D prescription drug coverage.
- **Changes in Medicare Advantage Plans:** Measures will be taken over time to bring the cost to the federal government of Medicare Advantage more in line with the cost of Original Medicare. As a result, some Medicare Advantage plans may decide to change benefits to reduce costs and others may close altogether.

Include Healthcare Costs In Your Retirement Plan

In addition to being financially prepared in retirement, safeguarding your health and well-being is just as important. A comprehensive retirement plan should include a strategy to ensure that healthcare costs can be covered throughout your lifetime. As you evaluate your healthcare options in retirement, consider working with a financial advisor who can integrate estimated healthcare costs into your overall investment strategy. Together, you can create a customized retirement income plan that supports your personal and financial goals. For more information on preparing for retirement, visit ml.com/retire.



Medicare and Supplemental Insurance Enrollment Checklist

7 to 9 months before your 65th birthday	<ul style="list-style-type: none"> <input type="checkbox"/> Check eligibility for Medicare benefits with Social Security at 1.800.772.1213. <input type="checkbox"/> Review current and post-retirement benefits to determine what happens at age 65. <input type="checkbox"/> Familiarize yourself with what Medicare covers.
4 to 6 months before your 65th birthday	<ul style="list-style-type: none"> <input type="checkbox"/> Review Medicare Advantage and Medigap options. <input type="checkbox"/> Check with your doctors to be sure they accept Medicare.
1 to 3 months before and after your 65th birthday	<ul style="list-style-type: none"> <input type="checkbox"/> Enroll in Medicare Parts A and B. This can be done online or by phone. <input type="checkbox"/> If you are receiving Social Security, you should be enrolled automatically. <input type="checkbox"/> Consider enrollment in Medicare Advantage or Medigap. <input type="checkbox"/> Consider enrollment in Part D prescription drug plan, if you are not covered elsewhere.
Within 1 year of your 65th birthday	<ul style="list-style-type: none"> <input type="checkbox"/> Make an appointment for your initial physical exam. <input type="checkbox"/> Bring your records and medical history. <input type="checkbox"/> Plan to discuss preventative measures.
Annual Medicare Review	<ul style="list-style-type: none"> <input type="checkbox"/> Review current coverage and any upcoming changes. <input type="checkbox"/> Look at other options to see if there is a better choice. <input type="checkbox"/> Any changes must be made during the annual Medicare enrollment windows. <input type="checkbox"/> Make sure your primary care physician reviews all of your medications.

Information Resources

- The Medicare website (medicare.gov) contains general information and publications. It allows you to search for and compare healthcare plans, Medigap policies, drug plans, hospitals, nursing homes, home health agencies and doctors in your area.
- The *Medicare & You* booklet can be found at medicare.gov and is mailed out each fall to households enrolled in Medicare.
- Speak with a Medicare agent at 1.800.MEDICARE (633.4227); TTY users should call 1.877.486.2048.
- Register at mymedicare.gov to access your personal Medicare information.
- Find information about insurance options, new healthcare legislation, public health programs and community services at healthcare.gov.
- Enrollment information is also available through Social Security by calling 1.800.772.1213, using the website ssa.gov, or making an appointment at a local Social Security office.
- You can receive free personalized counseling through your State Health Insurance Assistance Program (SHIP) at shiptalk.org.
- National Council on Aging provides a Benefits Checkup on its website (ncoa.org) to determine eligibility for programs.
- Contact the Medicare Rights Center if you have concerns at medicarerights.org or call 1.800.333.4114.
- For links to local resources on Medigap coverage, visit the National Association of Insurance Commissioners website at naic.org.



Bank of America Corporation

¹ Medicare is also available for those under 65 who are receiving Social Security disability benefits or have End Stage Renal Disease. This brochure only addresses benefits for those who are 65 and older. For more information, see medicare.gov.

² There are additional Medicare plans beyond Original Medicare and Medicare Advantage Plans; however, these are the most common and are the only plans addressed here. For more information, see medicare.gov.

³ Note that Massachusetts, Minnesota and Wisconsin standardize their policies differently.

⁴ To avoid the premium, you or your spouse must have 40 or more quarters of Medicare-covered employment.

⁵ If your income is above \$85,000 individual or \$170,000 married filing jointly, your premium will be higher than the standard monthly premium of \$115.40. The highest premiums apply if your income is above \$214,000 individual or above \$428,000 married filing jointly. Your income is determined based on the most recent data available from the IRS (two years prior) and includes tax-exempt interest. If you experience a change in income you can file for an adjustment to the premium.

⁶ If you work for a smaller employer (less than 20 employees), Medicare typically becomes primary and the employer-sponsored plan becomes secondary. For this reason it is critical to speak with your company's benefits representative.

⁷ The following events may qualify you, your spouse and/or your dependent children to receive COBRA benefits upon losing employer-sponsored healthcare coverage: 1) your voluntary or involuntary termination of employment (unless for gross misconduct), 2) a reduction in your hours of employment, 3) your divorce or legal separation, 4) your death, 5) you become eligible for Medicare, and 6) loss of dependent status (with respect to a dependent child). COBRA coverage is not automatic, so an individual would need to elect coverage during the applicable election period (generally at least 60 days).

This material should be regarded as general information on Medicare and is not intended to provide specific healthcare advice. If you have questions regarding your particular situation, please contact your legal or tax advisor.

Merrill Lynch or any of its affiliates do not monitor or maintain the information available on the external web sites mentioned nor represent or guarantee that such web sites are accurate or complete, and they should not be relied upon as such.

The clients' names and stories are fictitious and are intended to be strictly illustrative. They may not be representative of the experience of every client. Given that each client's needs, goals and situation are unique, each client should be evaluated independently and the strategies and solutions presented are not appropriate in all instances.