Find Your Best Benefits Strategy

Navigating Social Security is a Challenging Task for those deciding when to claim their benefits. There is a thicket of rules and jargon to cut through. Even those who have been receiving retirement benefits can confront a new obstacle after a spouse dies and a survivor benefit comes into play. And with the government having changed the claiming rules in the past year, how do you know which ones apply to you? Do you take your own benefit, or one based on a spouse’s earnings record? How can you maximize your benefits? Our handy five-step guide can help you do just that.

It’s up to you to make the most of this inflation-adjusted income stream that you can’t outlive. “Social Security is a big part of a retirement income plan,” says Roberta Eckert, vice president at Nationwide Retirement Institute. But, she says, claiming benefits “is an art as well as a science.” For instance, you’ll need to figure out if it’s more important to have some income sooner than later or wait as long as possible to snare a bigger benefit.

And while the incoming Trump Administration may take on Social Security reform, it’s too early to tell how that will shake out. “All changes ever made to Social Security have been on a forward-looking basis,” says Michael Kitces, director of wealth management for Pinnacle Advisory Group, in Columbia, Md. Plan with the certainty of rules that exist, not the shifting sands of speculation.
In this guide, we go old school, referring to the higher earner as he and the lower earner as she, only to help cut some of the confusion in explaining the strategies. The rules remain the same whether the higher earner of a couple is female or if both higher and lower earners are the same gender.

First Step: Know Your FRA

Begin by pinning down your full retirement age, which varies by birth year. We just finished a 16-year period during which the FRA rose from 65 to 66 for those born between 1943 and 1954. In 2017, those born in 1955 are turning 62—and they are in the vanguard of the climb to a full retirement age of 67. Those who turn 62 this year must wait until age 66 and 2 months to reach full retirement age. Every year for the next six years, the full retirement age for those turning 62 will climb by two months until reaching age 67 (see box).

Age 62 is key because no matter when you were born, you can claim a retirement benefit once you reach 62. But if you turn 62 in 2017 and immediately take benefits, the cut to your benefit will be deeper than that of a 62-year-old last year. “Once full retirement age starts to climb, the percentage of reduction also climbs at age 62,” says Jim Blair, a former district manager for an Ohio Social Security office and a partner at Premier Social Security Consulting, in Sharonville, Ohio. Those with a full retirement age of 66 who claimed at age 62 got 75% of their full benefit. That percentage starts to fall for those turning 62 in 2017 (to 74.17%) and eventually falls to 70% of a full benefit for those whose full retirement age is 67.

The increase in full retirement age also affects those who postpone claiming a benefit to earn delayed-retirement credits. Your benefit rises by 2/3 of 1% a month (8% a year) if you start receiving payments after your full retirement age. Those with a full retirement age of 66 can boost their benefit by as much as 32% by waiting until 70.

But, Blair notes, as FRA rises, the maximum value of the credits falls, because they still top out at age 70. The maximum hike for those turning 62 in 2017 is 30.7%. For those with a full retirement age of 67, only three years’ worth of benefits are available, so the maximum boost will be 24%.

Second Step: Consider Your Marital Status

Are you currently married, never married, divorced or widowed? Your answer affects what Social Security has for you. You qualify for a retirement benefit based on your personal earnings record once you have 40 quarters of coverage. That basically means working in covered employment (jobs or self-employment where your earnings are hit by the Social Security tax) for 10 years. Your benefit will be based on your 35 highest years of earnings. But depending on your marital status, you may also qualify for a spousal benefit or a survivor benefit. If you do, you may be able to mix and match benefits to add to your financial security.

Married couples should coordinate their claims to maximize benefits. Under the new rules of claiming, eligibility for a spousal benefit can’t kick in until the other spouse claims his benefit. Say the higher earner plans to wait until age 70 to take advantage of those juicy 8%-a-year credits for delaying his claim. The lower earner can claim a benefit of her own, but if the

### Check Your Age For Full Benefits

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
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<tbody>
<tr>
<td>1943–1954</td>
<td>66</td>
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<tr>
<td>1955</td>
<td>66 and 2 months</td>
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<td>1956</td>
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<td>1957</td>
<td>66 and 6 months</td>
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<td>1958</td>
<td>66 and 8 months</td>
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<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 and later</td>
<td>67</td>
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</tbody>
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*If you were born on January 1st of any year you should refer to the previous year. (Social Security treats those born on the first of a month as if their birthday was in the previous month.)

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Surviving spouses (and former spouses) can claim a survivor benefit as early as age 60. If they wait to claim that benefit until their full retirement age or later, the survivor benefit will be worth 100% of what the deceased spouse was receiving (or eligible to receive) at the time of death—including any earned delayed-retirement credits.

**Third Step: Do You Qualify for a Disappearing Strategy?**

Your birth year and your marriage status also determine if you qualify for strategies that Congress decided in 2015 to eliminate.

Those who turned 66 by April 29, 2016, had the option to “file and suspend” under the old rules—which opened the door to one spouse to claim spousal benefits while the other delayed receiving benefits to earn delayed-retirement credits. It also allowed beneficiaries who suspended to effectively bank forgone benefits and claim them as a lump sum if they changed their mind about delaying. (Such a reversal would mean forfeiting any delayed-retirement credits.)

If you took advantage of that move by the April deadline, your spouse can claim a spousal benefit at age 62 even if you’re not receiving payments. Also, if you become ill or for some other reason decide delaying was a bad idea, you can claim your lump sum.

Congress also abolished a strategy known as “restraining an application”—but not immediately. If you were born on or before January 1, 1954, you qualify to file a restricted application for spousal benefits only, once you turn full retirement age. That would allow you to collect a spousal benefit while postponing your own to earn delayed-retirement credits. Your spouse has to be taking her benefit for you to make use of this strategy. If you were born before the 1954 deadline and are not yet 66, don’t forget that this strategy is open to you. As fewer and fewer people qualify, less and less will be written about the potential benefits.

Take heed, ex-spouses: Qualifying ex-spouses can use this strategy to claim a spousal benefit from their ex’s earnings record while waiting to claim their own benefit. That’s a smart move if their own benefit with delayed-retirement credits will exceed their spousal benefit off the ex. “It’s free money for the years from 66 to 70,” Kitces says.

Beneficiaries born after January 1, 1954, can’t use the restricted application strategy. And the only remaining advantage for suspending a benefit is to earn...
delayed-retirement credits on one’s own benefit.

But there is one group of beneficiaries not affected by the changes. Survivors who qualify for a retirement benefit of their own can mix and match their own benefit with the survivor benefit. For example, if your own benefit at age 70 would exceed your survivor benefit, consider claiming the survivor benefit early (even if reduced) and let your own benefit grow.

**Fourth Step: Mull Your Life Expectancy**

The longer you or your spouse is expected to live, the stronger the case for delaying benefits as long as possible. “By waiting, you have lower longevity risk,” says William Reichenstein, a professor of finance at Baylor University, in Waco, Tex., and a principal of consulting firm Social Security Solutions. To put it bluntly: The higher benefit earned by delaying makes it less likely you’ll run out of money before you die.

Singles who can afford to delay may want to wait until 70 to claim benefits if they think they could live well past age 80. “If you have a shorter life expectancy, begin benefits as soon as possible,” says Reichenstein, who co-authored *Social Security Strategies (3rd edition)* (Social Security Solutions Inc., $25).

Married couples need to take into account the life expectancies of both spouses, and consider if at least one spouse is expected to live past age 80. Couples have a few choices: Both could claim early, both could delay, or one spouse could wait. “If both spouses are in terrible health, go ahead and file early and take as many checks as you can,” says Kitces. If both spouses are running marathons while taking care of 101-year-old parents, he says, both may want to delay their own benefits so both can get benefits supercharged by delayed-retirement credits.

But for nearly everyone who is in average health, Kitces says the smartest strategy is to have the higher earner delay benefits and the lower earner claim benefits early. That brings money into the household while waiting for the bigger check.

**Fifth Step: Peg the Higher Earner**

The closest thing there is to a universal rule for maximizing benefits is to delay the highest benefit you are entitled to so that it can grow as much as possible. For married couples, this means figuring out who is the higher earner.

The higher earner’s benefit will continue for as long as either spouse is alive, while the lower earner’s benefit will disappear after the first spouse dies. That’s because if the higher earner lives longer, he, of course, will continue to receive the boosted benefit. And, if he dies first, the lower earner will step up to a survivor benefit equal to the higher earner’s, if she claims it at her full retirement age or later. “You can think of that as a legacy for the survivor,” says Eckert.

Delaying to age 70 turbocharges that legacy with the extra boost from the delayed-retirement credits—worth up to 32% extra. That’s about $640 more a month on a full retirement age benefit of $2,000 a month—or an extra $7,680 a year for life (not including annual cost-of-living adjustments). Those credits don’t impact a spousal benefit but are included in the survivor benefit. Reichenstein suggests thinking of the higher earner’s benefit as a second-to-die inflation-adjusted annuity.

Once you know whose benefit will grow the largest by waiting, you can decide when to claim the lower earner’s benefit. Even if the lower earner claims a reduced benefit or spousal benefit early, the survivor benefit won’t be reduced. That’s a big reason why it can make sense for a lower earner to claim sooner.

For one-earner households, where one spouse doesn’t qualify for a benefit of her own at all, waiting until 70 may be too costly, because that spouse can only take a spousal benefit when the worker claims his benefit. In this scenario, Kitces says that the worker should claim when the spouse with no benefit of her own hits full retirement age. That will trigger her spousal benefit, which can’t grow beyond full retirement age.

For example, say the worker qualifies for a $2,000 full benefit, which allows his spouse to collect a $1,000 spousal benefit at full retirement age. Assuming they are the same age, if he waits until age 70 to take his benefit, the couple gives up $3,000 a month for about four years—or about $144,000. Because both benefits are pegged to his claim, the couple gets no checks while waiting. Blair says it would take the couple almost 19 years to break even if they wait to claim his benefit at 70. “It’s going to take away the incentive for some people to wait until age 70,” he says.

But if the spouses in the one-earner household have a large gap in ages, that gap can make delaying the worker’s benefits worthwhile—and with little impact on the spouse with no benefit of her own. Say the worker is four years older than the spouse without her own benefit. The worker could wait until 70 to boost his benefit with delayed-retirement credits, and because the spouse will be hitting her full retirement age around the same time, she can claim her full spousal benefit right away. **K Rachel L. Sheedy**
Savvy Shoppers Save Big on Fund Fees

Mutual funds and exchange-traded funds are getting cheaper than ever. But if you don’t keep an eye on the bargain racks, it’s easy to miss out on some big savings.

In recent months, major fund firms have been steadily shaving fees in a race to attract price-sensitive investors. In June, Fidelity Investments announced fee cuts on 27 index funds and ETFs. BlackRock cut fees on 15 iShares ETFs in early October, followed days later by Charles Schwab, which cut the expenses of five ETFs. Core holdings such as the Schwab U.S. Aggregate Bond and iShares Core S&P 500 ETFs now cost 0.04% annually, or $4 for each $10,000 invested.

Management fees aren’t the only prices falling in the fund world. More and more mutual funds that have traditionally carried a “load,” or sales charge, are available without the loads in no-transaction-fee supermarkets, such as those operated by Fidelity and Schwab. And while investors must normally pay a commission to trade ETFs, hundreds of ETFs are now available commission-free on platforms operated by Vanguard, TD Ameritrade, Fidelity and others.

To be sure, many of the latest fee cuts apply to funds that were already dirt cheap—and trimming 0.01 or 0.02 percentage point off a fund’s expense ratio won’t rock investors’ world. But if your current fund holdings charge 1% or more, or you’re paying mutual fund loads and ETF trading commissions, it’s time to take a hard look at ways to trim your expenses. With so many lower-cost options available, “you shouldn’t feel locked in” to pricier investments, says Russel Kinnel, director of manager research at Morningstar.

Fees take a bite directly out of your returns. In every asset class, the cheapest funds are far more likely than the priciest ones to survive (rather than being liquidated or merged with other funds) and to outperform their category, Morningstar found in a 2016 study.

Slash Your Costs

To find low-cost funds, use Morningstar’s mutual fund and ETF screeners (click “tools” at www.morningstar.com). You can also enter a fund’s name in the search box at Morningstar.com and click the “quote” tab to see whether the fund’s fees are high or low for its category.

Before dumping pricier funds in favor of lower-cost options, look at ways to minimize any tax consequences. If you’re holding highly appreciated high-cost funds in a taxable account, for example, perhaps you can also sell some losers to offset the gains. If switching to lower-cost funds will trigger a tax bill, the Financial Industry Regulatory Authority’s Fund Analyzer (www.finra.org/fundanalyzer) can help determine whether the move is worth it. Enter the fund names, investment amount, expected return and holding period to compare the total dollar cost of holding various funds.

To sidestep fund loads, invest through no-transaction-fee supermarkets offered by Fidelity, Schwab and others. Load funds from firms such as J.P. Morgan and Morgan Stanley are now available without loads on such platforms. And American Funds, known for low-cost, high-quality funds, made its funds available without a load through Fidelity and Schwab in October.

When browsing the supermarkets for no-transaction-fee funds or commission-free ETFs, keep your eye on total fund costs. The supermarkets typically charge the funds a fee for putting their products on the shelf—and that can drive up fund expense ratios. You may save money by buying the “house brand”—the Schwab funds at Schwab or the Vanguard funds at Vanguard, says Dave Nadig, chief executive officer of ETF.com.

Stay on the lookout for further fee cuts. While it may seem that ETFs charging 0.03% or 0.04% are scraping bottom, it’s theoretically possible for some ETFs to charge no fees. Some ETFs can generate 0.1% to 0.2% of assets per year by lending out shares in their portfolios to short-sellers who want to bet against the stock, Nadig says, and that “could effectively pay the issuer to do their job.”

He thinks it’s more likely, however, that the higher-end fees will fall. “There are quite a few funds charging north of 70 basis points,” or 0.7%, he says. “That’s still pretty expensive.”

ELEANOR LAISE

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K ELEANOR LAISE
INVESTING

Can Dogs of the Dow Be Best in Show?

AS AN INVESTMENT STRATEGY, WHAT COULD BE simpler? At the beginning of each year, invest equal amounts in the 10 highest-yielding of the 30 companies in the Dow Jones industrial average. Then sit back, collect your fat dividends, and watch the stock prices of these major American corporations rise, as other investors discover that those high yields were based not just on sweet dividend payouts but on their unfairly depressed prices.

That’s the theory, anyway, behind the Dogs of the Dow.

It doesn’t always work to deliver market-beating performance, but in the first 11 months of 2016, the year’s pack produced price gains of 15%—plus an average dividend yield of nearly 4%. And that was before the “Trump rally” drove the stock market to record highs. Over the same period, Standard & Poor’s 500-stock index produced a total return, including dividends, of 9.8%. (In 2015, the Dogs dug out a 2.6% total return compared with just 1.4% for the S&P.) Half of the 2016 group—Chevron, Coca-Cola, ExxonMobil, Proctor & Gamble and Wal-Mart—are “dividend aristocrats,” an accolade earned by increasing dividend payments for at least 25 straight years.

The 2016 Dogs are presented in the table on this page and, as the year drew near a close, it appeared the 2017 class will be very similar.

“That constancy is a good thing because it doesn’t alter the leadership of the pack, mainly energy and heavy industry (Exxon, Chevron, Caterpillar) and consumer stuff (Verizon, Coke, Proctor & Gamble),” says Jeffrey Kosnett, editor of Kiplinger’s Investing for Income, a monthly sister newsletter devoted to helping subscribers capture the highest cash yields on their investments. “If we get higher incomes and more jobs, and oil and gas activity keeps perking up as we expect, more than half of the Dogs will be front and center.”

Kosnett says the oil-and-gas recovery and strong consumer spending were keys to the Dogs of the Dow’s success in 2016. “This year’s big winner is Caterpillar,” he points out, “with a return of 46.1% through December 1.”

You can find a kennel full of information on the stocks and the strategy at the Dogs of the Dow website (www.dogsofthedow.com), including the composition of the 2017 pack as soon as it is determined and daily pricing and yields.

Investing in the Dogs involves paying commissions on each trade, not only when you initiate your investment but, if you follow the methodology, when you re-balance each year. You’ll sell to realize profits on shares that have been kicked out of the group, often because prices have risen so much that yields no longer make the top 10 list. Because the strategy calls for an equal amount to be invested in each company at the beginning of the year, you’ll also need to do some buying and selling to reset the 10% level for stocks that stay.

An ETF Alternative

You can buy a package of shares that follows a similar recipe for finding high-yielding undervalued stocks with the exchange-traded fund ALPS Sector Dividend Dogs (symbol SDOG). Rather than restricting its search to the 30 companies in the Dow Jones industrial average, the ETF collects the five highest-yielding stocks in each of the 10 sectors of the S&P 500-stock index—consumer discretionary, energy, health care, telecommunications, etc. This gives you greater diversification but the goal is the same: Use high-dividend yields to spot temporarily out-of-favor stocks.

The ETF produced a total return of 34.2% in 2013 and 15% in 2014. It lost 3.2% in 2015 but roared back with a 23% return during the first 11 months of 2016. The fund has a 0.4% expense ratio.

**Running With the Pack**

This table shows the price and yield of the 2016 Dogs of the Dow as of November 30, 2016.*

<table>
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<tr>
<th>NAME</th>
<th>SYMBOL</th>
<th>PRICE</th>
<th>YIELD</th>
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<tbody>
<tr>
<td>Caterpillar</td>
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</tr>
<tr>
<td>Chevron</td>
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<td>Verizon</td>
<td>VZ</td>
<td>50</td>
<td>4.6%</td>
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*The 2017 Dogs will be chosen based on yields January 1. Yields in mid-December suggested that Wal-Mart would fall off the list, to be replaced by McDonalds.

**Kevin McCormally**
INVESTING

Best ETFs for Retirees in 2017

INVESTORS ARE FLOCKING TO EXCHANGE-TRADED funds—and why shouldn’t they? ETFs are generally cheaper than ordinary mutual funds, they offer a huge variety of investment strategies, and they’re easy to use: You just buy and sell them as you do stocks.

Below are some ETF picks for 2017 that may be particularly appealing for retirees and people nearing retirement. Data are as of December 8.

The iShares Core S&P 500 ETF (symbol IVV) is one of the cheapest ways to track Standard & Poor’s 500-stock index. It charges a tiny fee of 0.04% annually. The S&P 500 is the benchmark for many domestic stock funds, which have found it exceedingly difficult to beat.

Stocks of small and midsize companies may have more to recommend them than their bigger brethren. Small companies tend to export less than larger companies, so they’ll suffer less from any trade disputes, as well as from any further rise in the dollar. And by some measures, small companies are no longer over-priced compared with large companies, according to investment-research firm Leuthold Group.

Midcaps offer almost all of the advantages of small caps but with much less risk. That makes them ideal for retirees. Consider iShares Core S&P Mid-Cap (IJH), whose benchmark has slightly outperformed other midcap indexes over the past 10 years. The ETF charges 0.07% a year.

Dividend stocks have lagged the market in recent months, but that’s no reason to abandon investing in high-quality companies that have a long history of sharing profits with investors. Schwab U.S. Dividend Equity ETF (SCHD) focuses on large, healthy companies that have paid dividends in each of the past 10 years. The fund yields 3.2% and charges fees of 0.07%.

With bond yields still low and rising, the risks of owning bonds are high (bond prices move in the opposite direction of interest rates). Retirees and near-retirees should keep their maturities short and the quality of their bonds high. Vanguard Short-Term Corporate Bond (VCSH), which owns high-quality, short-term bonds, yields 2.1% and charges 0.10% annually. K STEVEN GOLDBERG

MANAGING YOUR FINANCES

Hybrid Policies Gaining Steam

CONSUMERS WHO ARE SKEPTICAL OF TRADITIONAL LONG-term-care insurance are snapping up “hybrid” policies combining life insurance with long-term-care benefits. But are these products really a better way to manage the risk of catastrophic long-term-care costs?

Although they come in many flavors, the most popular hybrids attach a long-term-care rider to a whole or universal life insurance policy. Consumers can typically pay a single up-front premium, and if they never need long-term care, their heirs get the death benefit.

The sales pitch is simple: By paying a single premium or series of set premiums, you avoid the risk of future premium increases—an issue that has plagued traditional long-term-care policies. And many consumers have balked at the “use it or lose it” nature of traditional long-term-care policies; the hybrid’s potential death benefit removes that concern.

But those advantages aren’t as clear-cut as they sound. For traditional long-term-care policies priced today, the risk of future premium increases is very low, according to new research by the Society of Actuaries. And by handing over a large lump sum for a hybrid product, you’re giving up the opportunity to earn a market rate of return on that money.

Even so, many consumers have found the hybrid pitch persuasive. More than 200,000 hybrid life insurance policies were sold in 2015, up 37% from 2014, according to LIMRA, a life insurance trade group.

They’re gaining ground as “traditional long-term
care insurance is becoming less of an option,” says Wade Pfau, professor of retirement income at the American College. Premium increases on policies priced years ago have made headlines, and several insurers have dropped out of the market. The number of new traditional long-term-care policies sold in 2015 dropped about 20%, according to the American Association for Long-Term Care Insurance.

Here’s how one popular type of hybrid product works: Two long-term-care riders are attached to a universal life insurance policy. If you need long-term care, the first rider pays down the policy’s death benefit over the course of two years. If you exhaust the death benefit, the second rider extends your long-term-care benefits for another two to four years. There’s often an option to get some or all of your money back if you change your mind about the policy.

The up-front cost is hefty: You’ll pay at least $50,000 to $75,000 to get a meaningful long-term-care benefit. You face no risk of premium increases, but that’s not much of a threat with stand-alone long-term-care policies priced today either, according to the Society of Actuaries. A major reason for the big premium increases on traditional policies priced years ago is that insurers overestimated the number of people who would allow their policies to lapse. In pricing today’s policies, insurers have tweaked their assumptions to reflect low lapse rates and low interest rates, and they have more claims data to guide pricing decisions. The result: Policies priced in 2014 have just a 10% chance of needing future rate increases, compared with 40% for those priced in 2000, the Society of Actuaries found.

While the hybrid products ensure that you’ll get something out of the policy even if you never need long-term care, they also force you to forgo a market rate of return on a large chunk of your money. In a typical hybrid product purchased today, the cash value will grow at a very modest rate, such as 2%. That may sound reasonable in today’s low-rate environment, but if rates rise substantially, it won’t look so attractive.

**Compare Your Options**

When weighing hybrid products against traditional long-term-care insurance policies, consider how you might invest the money that’s not spent on premiums. If you would leave it in cash or other low-return holdings and don’t foresee any need for the money, that might be an argument for the hybrid product. If you would aim for a moderate return and might need the money to cover living expenses, stand-alone long-term-care insurance may make more sense.

Consider a 55-year-old man with $75,000 in liquid assets. He could spend it all on Lincoln Financial’s MoneyGuard II, a hybrid policy, and get initial monthly long-term-care benefits of $4,820. With 3% inflation protection, his monthly benefit would grow to $10,092 at age 80. If he never needs long-term care, his heirs would get a death benefit of at least $115,678.

If he instead opts for a traditional long-term-care policy with a $2,430 annual premium, he can get long-term-care benefits similar to the MoneyGuard policy: an initial monthly benefit of $4,500 and 3% inflation protection, according to the long-term-care association. He can also invest the $72,570 he has left over. If he can get a 5% annual return, he’ll have more than $82,000 at age 80, even after paying the ongoing annual long-term-care premiums—and he has the flexibility to use that money however he likes.

Whether you’re buying a hybrid or a traditional policy, be sure to consider inflation protection—because you might make your first claim 30 years down the road. Consumers should also consider how much they value a hybrid policy’s life-insurance component, which adds an extra layer of cost. For many consumers buying hybrid products, life insurance is an afterthought. “People are generally buying this for the long-term-care coverage,” says Mike Hamilton, vice president of MoneyGuard product management at Lincoln.

If you do have a real need for life insurance, a hybrid product may not be the best solution, since a long-term-care claim will eat away at the death benefit. “If you need both long-term-care and life-insurance protection, you ought to buy them both—not just take care of whichever one comes first,” says Jim Glickman, president of LifeCare Assurance, a Woodland Hills, Cal., long-term-care reinsurer.

Examine hybrid policies to be sure you’re actually getting long-term-care benefits. Many combo products package life insurance with “chronic illness acceleration riders,” which allow you to access your death benefit early if you have an illness that’s likely to last the rest of your life. Unlike true long-term-care coverage, these products won’t cover temporary conditions.

Ask your financial adviser to compare multiple long-term-care coverage options, says Jesse Slome, executive director of the long-term-care association. For hybrid products, he says, be sure to request and read the life insurance policy illustration, which outlines policy premiums, death benefits, cash values and other details. **K ELEANOR LAISE**
SENIORS STRUGGLING TO GENERATE INCOME IN A LOW-interest-rate era may easily be tempted by certificates of deposit promising juicy yields or participation in the market’s upside. But many safe-sounding investments are loaded with risk.

Some advertisements touting turbocharged CDs are nothing more than a bait and switch, the Financial Industry Regulatory Authority warned in a recent investor alert. In such cases, consumers who express interest are often pitched a completely different product, such as an annuity.

In other cases, the CDs being marketed are real—but extremely complex. “Structured” or “market linked” CDs offer interest payments that are tied to the performance of a market index. They often impose annual return caps and other features that can limit the investor’s participation in any index gains.

Such products are far removed from the world of traditional fixed-rate CDs. If the CD is touting higher returns, that “should always be a signal that you need to do a little bit more digging,” says Gerri Walsh, senior vice president of investor education at FINRA.

While souped-up CDs are nothing new, they tend to be more aggressively marketed when rates are low. FINRA’s investor alert was prompted by investors who called the regulator’s Securities Helpline for Seniors (844-574-3577) with questions about advertisements promising CD yields as high as 15%, Walsh says.

In the CD scheme described by FINRA, investors who respond to ads are typically asked to go to the financial institution, where they are pitched a different product—often an equity-indexed annuity, Walsh says. Equity-indexed annuities are complex products offering interest payments tied to an index—and they carry the risk of losing money on your investment.

If the investor turns down the alternative product, he can still buy a CD—but one that yields the going rate. In some cases, the salesman will offer a “bonus” that gives the investor the advertised yield—but only for one month or one quarter, Walsh says.

Risks of Market-Linked CDs

Like traditional CDs, market-linked CDs generally guarantee that you’ll get your principal back at maturity. In some cases, they also guarantee a small annual interest payment. Guaranteed principal-and-interest payments are covered by federal deposit insurance.

Market-linked CDs are tied to indexes that may include stocks, bonds, foreign currencies or other assets. While issuers tend to emphasize the potential for market gains, those profits can be elusive. In some of these products, returns are calculated by averaging the underlying index’s closing price over a period of time, rather than using the closing price when the CD matures. So if the index rises steadily during that period, the investor may get far less than the index return.

There may be annual or quarterly caps on returns. In some cases, a “participation rate” limits your gains. If the index goes up 5% and the participation rate is 70%, you’d get 3.5%. Interest is often credited only when the CD matures. So if the index performs poorly during the term of the CD, you may get no return at all. Because of the product’s complexity, “people don’t understand the upside is so limited,” says Craig McCann, president of Securities Litigation and Consulting Group, in Fairfax, Va.

What’s more, Walsh says, “your investment can be locked up for a very long time—up to 20 years.” It may be difficult or impossible to withdraw your money early. Some of the CDs have call provisions, allowing the issuer to hand back your original investment, along with any accrued interest, at certain times before maturity—perhaps after your money has been tied up for years.

Before buying a CD, go to https://research.fdic.gov/bankfind to make sure the bank is insured by the Federal Deposit Insurance Corp. Also check out the individual who is recommending the product. Use FINRA’s BrokerCheck (http://brokercheck.finra.org) and www.adviserinfo.sec.gov to check the disciplinary history of brokers and investment advisers. K ELEANOR LAISE
than those who work for companies with plans that use target-date funds for employees who don’t make their own choice. A study by investment-research firm Morningstar found that employees assigned a managed account save an average of 6% of their salary. Employees with plans that automatically use target-date funds for those who don’t choose otherwise save an average of 4%. Morningstar says much of the difference is because plans that use managed accounts as the default option tend to have older participants with higher levels of plan tenure and higher salaries.

ECONOMY

■ Inflation. Expect small increases in energy prices to boost overall inflation to 2.4% for 2017, compared with 2% in 2016. Core inflation, which excludes food and energy, will also rise—also to 2.4% for 2017, from an estimated 2.2% rate in 2016. A modest rise in inflation will likely spur the Federal Reserve to raise interest rates a quarter of a percentage point once or twice next year.

■ Outlook. The Trump Administration isn’t likely to have much of an effect on economic growth immediately—expect gross domestic product to grow about 2.1% in 2017. But the fiscal stimulus of tax cuts and infrastructure spending that President-elect Trump plans to push will spur higher growth in 2018 and 2019. Previous forecasts pegged 2.2% growth for those years, but we now expect the economy to expand 2.5% to 3%, depending on what is actually approved and whether Congress enacts spending cuts to reduce the deficit.

INVESTING

■ Managed accounts. Employees whose company retirement plans use managed accounts as the “default” option save more

TAXES

■ New tool. In an effort to increase self-service options at the IRS, the agency offers a new online tool at www.irs.gov that lets taxpayers view their IRS account balance, showing the amount they owe for tax, penalties and interest. The agency also offers online payment options to pay an amount that’s due. The tool uses a two-step authentication process, and to register, taxpayers must have an e-mail address and a text-enabled mobile phone (to which a security code can be sent).

CONSUMER INFORMATION

■ Investing complaint. If you have a problem with your investments, brokerage account or a financial professional, you can submit a complaint to the Securities and Exchange Commission. Go to Investor.gov, and under the “Protect Your Investments” tab, click on “Submit Questions and Complaints.” You can file the complaint online, or print the form and send it by mail or fax. The SEC’s Office of Investor Education and Advocacy will try to resolve the complaint.

HEALTH CARE

■ Spending. Medicare spending grew 4.5% to $646.2 billion in 2015, a tad slower than the 4.8% growth in 2014. The government reports that Medicare hospital spending growth slowed, but nursing-home and home health care spending grew faster. Medicare prescription-drug spending continued to grow by double digits—up 11% in 2015, following a 14.5% increase in 2014.

LONG-TERM CARE

■ Tool improvements. The U.S. Government Accountability Office wants the Centers for Medicare & Medicaid Services to improve its “Nursing Home Compare” tool’s star quality rating system. In its assessment of the tool, the GAO recommended that the rating system allow nursing homes to be compared nationally
and to evaluate the feasibility of adding consumer satisfaction data to the rating system.

**SOCIAL SECURITY**

**Earnings limits.** Bad news: Workers who claim Social Security before full retirement age are subject to the “earnings test.” Good news: The limits for that test to kick in are rising for 2017. For those under age 66, the limit rises $1,200 to $16,920 for 2017; $1 in benefits is withheld for every $2 in earnings above that limit. For those who turn 66 in 2017, there is a higher limit, which rises $3,000 to $44,880; $1 in benefits will be withheld for every $3 in earnings above that limit before your birthday.

**Partnership.** The Social Security Administration and the Department of Veterans Affairs have launched a health IT program that enables all Social Security disability case processing sites to receive medical records electronically from all VA facilities. The “eHealth Exchange” will allow veterans to receive a faster decision on their Social Security disability claims. To learn more, go to www.socialsecurity.gov/disabilityssi/hit.

**REQUIRED DISTRIBUTIONS**

**First out.** If you plan to use a qualified charitable distribution to satisfy your 2017 required minimum distribution for your IRAs, keep in mind that the first money out of your IRA for the year is counted toward your RMD. You can make a QCD after making previous withdrawals, but it could mean dipping deeper into your IRA than the law demands.

**5% owner rule.** Business owners who are still working after age 70½ can delay required minimum distributions from their company 401(k) plan if they own 5% or less of the company. But that 5% rule doesn’t just take into account the individual owner’s share. Instead, you must add in interests owned by your spouse, children and grandchildren, as well as any ownership you might have through an estate, trust, partnership or corporation. If those add up to more than 5%, you will have to take required minimum distributions from the 401(k) starting at age 70½ even if you’re still working.

**FRAUD**

**Abuse risk.** Elders with mental decline are at greater risk of financial abuse, found a study by Allianz Life Insurance Co. Of elders with mental decline, 34% suffered incidences of financial abuse versus 24% of those with no mental decline. The average financial loss is 28% higher—$41,000 for those with mental decline versus $32,000 with no mental decline.

## Rates and Yields

### Certificates of Deposit

<table>
<thead>
<tr>
<th>SIX MONTHS</th>
<th>YIELD</th>
<th>PHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>VirtualBank (Fla.)</td>
<td>0.93%</td>
<td>877-998-2265</td>
</tr>
<tr>
<td>TAB Bank (Utah)</td>
<td>0.92</td>
<td>800-837-4136</td>
</tr>
</tbody>
</table>

**National Average** 0.19%

<table>
<thead>
<tr>
<th>ONE YEAR</th>
<th>YIELD</th>
<th>PHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Popular Direct (Fla.)</td>
<td>1.28%</td>
<td>800-274-5696</td>
</tr>
<tr>
<td>Capital One 360 Bank (N.J.)</td>
<td>1.25</td>
<td>800-289-1992</td>
</tr>
</tbody>
</table>

**National Average** 0.31%

<table>
<thead>
<tr>
<th>FIVE YEARS</th>
<th>YIELD</th>
<th>PHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Popular Direct (Fla.)</td>
<td>2.05%</td>
<td>800-274-5696</td>
</tr>
<tr>
<td>Capital One 360 Bank (N.J.)</td>
<td>2.00</td>
<td>800-289-1992</td>
</tr>
</tbody>
</table>

**National Average** 0.82%

Yields include compounding and are as of December 8, 2016. For information on deposit insurance, go to the Web site of the Federal Deposit Insurance Corp. (www.fdic.gov). SOURCE: Bankrate.com

### Top Yielding Money Market Funds

<table>
<thead>
<tr>
<th>TAXABLE</th>
<th>YIELD</th>
<th>PHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Prime MMF Inv (VMMXX)</td>
<td>0.61%</td>
<td>800-662-7447</td>
</tr>
<tr>
<td>Fidelity Money Market Fund (SPRXX)</td>
<td>0.53</td>
<td>800-544-6666</td>
</tr>
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</table>

**Category Average** 0.15%

<table>
<thead>
<tr>
<th>TAX-FREE</th>
<th>YIELD</th>
<th>PHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Tax-Exempt MMF (VMSXX)*</td>
<td>0.48%</td>
<td>800-662-7447</td>
</tr>
<tr>
<td>Northern Municipal MMF (NOMXX)*</td>
<td>0.31</td>
<td>800-595-9111</td>
</tr>
</tbody>
</table>

**Category Average** 0.16%

*Fund is waiving all or a portion of its expenses. The 30-day simple yields are to December 6, 2016. SOURCE: Money Fund Report

### High-Dividend Stocks

We screened for stocks that have at least five years of consecutive dividend increases.

<table>
<thead>
<tr>
<th>DIVIDEND STOCKS</th>
<th>YIELD</th>
<th>SHARE PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T (T)</td>
<td>4.9%</td>
<td>$40</td>
</tr>
<tr>
<td>Verizon Communications (VZ)</td>
<td>4.5</td>
<td>51</td>
</tr>
<tr>
<td>Pfizer (PFE)</td>
<td>3.9</td>
<td>31</td>
</tr>
</tbody>
</table>

### Benchmarks

<table>
<thead>
<tr>
<th></th>
<th>THIS MONTH</th>
<th>3 MONTHS AGO</th>
<th>YEAR AGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation rate*</td>
<td>1.60%</td>
<td>0.80%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Six-month Treasury</td>
<td>0.59</td>
<td>0.43</td>
<td>0.34</td>
</tr>
<tr>
<td>One-year Treasury</td>
<td>0.72</td>
<td>0.55</td>
<td>0.51</td>
</tr>
<tr>
<td>Ten-year Treasury</td>
<td>2.15</td>
<td>1.50</td>
<td>2.32</td>
</tr>
</tbody>
</table>

*Year-to-year change in CPI as of October 2016, July 2016 and October 2015.

### Fixed Annuities

<table>
<thead>
<tr>
<th>SINGLE-PREMIUM IMMEDIATE-ANNUITY</th>
<th>HIGHEST</th>
<th>AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male age 65</td>
<td>$5.30</td>
<td>$5.15</td>
</tr>
<tr>
<td>Female age 65</td>
<td>5.07</td>
<td>4.89</td>
</tr>
<tr>
<td>Male age 70</td>
<td>6.01</td>
<td>5.79</td>
</tr>
<tr>
<td>Female age 70</td>
<td>5.58</td>
<td>5.46</td>
</tr>
</tbody>
</table>

Payouts are guaranteed to the annuitant for life, with a minimum payout period of ten years. Payout factors are per $1,000. SOURCE: Comparative Annuity Reports (www.immediateannuities.com). Data are to December 1, 2016.
State Tax on Pension
I am a federal employee who lives in Oregon but will retire to Arizona. Will Oregon tax my federal pension?
No. Before 1996, some states did “follow” retirees to tax retirement benefits that built up while they were working. But federal law now forbids that.

How to Fix an IRA Distribution Snafu
I goofed when figuring my required IRA distribution for 2016 and took out more than was necessary. A few days later I put the excess funds back in my IRA. How do I report this to the IRS?
We’ll assume you did not make an IRA rollover in the 12 months prior to the time you redeposited the excess. If so, things would be messy; if not, things are simple. Just report the entire withdrawal on line 15a of the Form 1040 and that amount minus the portion you redeposited on line 15b. That’s the taxable amount. Write “partial rollover” in the margin. In the spring, you should receive a Form 5498 from your IRA custodian showing the amount of the redeposit as a rollover contribution. That doesn’t go with your tax return, but keep it in your records in case the IRS raises questions.

Covered Versus Noncovered Shares
I have mutual funds with purchase dates going back to 2006. I have always used the average cost basis, but my brokerage is now separating the shares into “covered” and “noncovered” categories, using a different basis for each class. My understanding was that the average basis spreads across the entire investment and it is the same regardless of when shares were purchased. Is that not the case?
Mutual fund shares purchased after 2011 are “covered,” meaning that they’re covered by a rule that requires the fund to report to the IRS (and you) the tax basis and holding period of shares sold. Even when shares are held in the same account, covered shares are tracked separately from their “uncovered” sisters, those for which the IRS does not get notification of basis and holding period. Each category has its own average cost, and sales must be segregated when reported on your tax return. K

DO YOU HAVE A RETIREMENT-PLANNING QUESTION?
EMAIL IT TO RETIRE@KIPLINGER.COM.
Deconstructing Death Taxes

If you want to move in retirement, you may want to not only consider a state's taxes on your retirement income (see “Retirees: Reduce Your State Tax Bill,” Nov.), but how tax policy will affect your heirs. The easiest method of dealing with death taxes: “Avoid the whole mess by living in a state that doesn’t have one,” says Fox. “But if you do, consult with an estate-planning lawyer for ways to avoid or mitigate the tax.”

If your state has a death tax, you need to know how it works. The states with the lowest estate-tax exemptions in 2017 are Massachusetts and Oregon, both of which tax estates that exceed $1 million. (In states that impose an estate tax, assets that go to a surviving spouse don’t count toward the threshold.) If you die in Oregon with a $1.5 million estate, $500,000 of the estate is subject to tax at a 10% rate (Oregon’s rates range from 10% to 16%).

Estate tax rates tend to top out at 16%, but rates climb to 20% in the state of Washington (see the “10 States With the Scariest Death Taxes” at kiplinger.com/links/deathtaxes).

Some states have a “cliff” tax. An estate that’s worth 105% of New York’s estate-tax exemption triggers tax on the whole estate, not just the amount exceeding the exemption. Estates that exceed Illinois’ $4 million estate-tax exemption by even a dollar will trigger tax for the entire amount, says Mike Piershale, president of Piershale Financial Group, in Crystal Lake, Ill.

The $5.49 million federal exemption protects the
vast majority of estates from Uncle Sam. But if your state has a lower exemption, you may benefit mightily from planning advice from an estate-tax expert.

While the federal estate-tax exemption is “portable” between spouses, most state estate-tax exemptions are not. Portability allows the surviving spouse to use any remaining estate-tax exemption left over from the first spouse to die. Hawaii and Delaware offer portability; Maryland will recognize portability in 2019.

In other states, “you can create portability with a credit-shelter trust,” says Piershale. The trust helps maximize the state exemptions of both spouses. Say the state exemption is $1 million. A spouse could leave up to $1 million in a credit-shelter trust to heirs, while the remaining estate passes tax-free to a surviving spouse. When the second spouse dies, $1 million of her estate is exempt for heirs—effectively exempting $2 million of the couple’s total estate from state estate tax.

Snowbirds may have an opportunity to save. Piershale has clients who split their time between Illinois, which imposes a death tax, and Florida, which doesn’t. In one client’s case, he says, a couple will save $300,000 in death tax because they changed their primary residency. Snowbirds can rack up big savings by making the non-death-tax state their primary residence, but they need to make sure they spend the majority of the year there and can provide significant evidence of that state being their primary home.

Inheritance Tax Snares Some Heirs

Even in states with an inheritance tax, many heirs escape unscathed. Generally, the closer the relationship to the deceased, the less likely the heir will have to pay the tax; the more distant the relative, the more likely.

Spouses get a pass, and often so do lineal descendants, such as children and grandchildren. In Kentucky, a “Class A” beneficiary—that is, a spouse, parent, child, grandchild, brother or sister—is exempt from the state’s inheritance tax. Other beneficiaries, say a nephew, are subject to tax rates of up to 16%.

Certain heirs may get a break on the rate of tax. In Pennsylvania, for example, the inheritance tax for lineal heirs is 4.5%, while it’s 12% for sibling heirs.

When it bites, the inheritance tax can kick in at low levels. New Jersey, for instance, excludes many types of heirs, but for those who must pay it, the tax is triggered when inheriting property worth $500 or more.

To dig further into the details of death taxes for the states that levy them, go to Kiplinger’s Retiree Tax Map (kiplinger.com/links/retireetaxmap).
friend to the doctor or taking a meal to a neighbor after surgery. But as baby boomers age, they are creating more-structured systems of volunteer caregiving.

These new models can be a godsend for older people who live alone, as well as for overtaxed spouses and adult children. “For the primary caregiver, there’s a sense of relief—‘Oh, I can breathe again, it’s not all on me,’” says Sheila Warnock, president of the nonprofit Share the Care (www.sharethecare.org), which instructs friends, relatives, neighbors and others on how to create a “caregiver family” to help someone with a long-term or grave medical condition.

The Transition Network’s Caring Collaboratives are designed to step in when a member needs occasional help or, as with Richards, some aid over a short period of time. Of the network’s 13 chapters, four have set up Caring Collaboratives: San Francisco’s Bay Area, New York City, Long Island, N.Y., and Philadelphia.

About half of the 600 members of New York City’s chapter belong to its collaborative. New members must attend an orientation to learn the rules for seeking and offering help, says Barbara Stahura, the chair of the chapter’s Caring Collaborative committee. When a member wants to schedule help—perhaps she’ll need a ride home after a colonoscopy—she can e-mail the care coordinator, who looks for a willing volunteer.

The New York City collaborative also has created 15 “neighborhood groups” of a dozen or so women who meet occasionally in someone’s home. “If you feel closer to these women, you may feel comfortable to pick up the phone when you need help,” Stahura says. The Transition Network offers a guide for community groups that want to create their own caring collaborative. (Find the guide at www.thetransitionnetwork.org.)

**Creating a Village of Caregivers**

To help someone with a serious illness, friends could create a Share the Care group. Warnock wrote the book *Share the Care* ( Fireside, $17) with Cappy Capossela after their friend Susan Farrow died of cancer in 1991. For more than three years, a large group of friends, neighbors and co-workers took care of Farrow, a divorced mother of two—running errands, checking her in and out of hospitals, supervising a home health aide and even organizing her daughter’s wedding.

In early 2002, Capossela was diagnosed with brain cancer, and Warnock put their book’s guidelines to work. “We ran her entire life,” she says. “It was very intense.” Capossela died later that year, and Warnock created the nonprofit, which, besides offering advice to individual caregivers, conducts workshops for health providers and faith groups.

A Share the Care group follows detailed rules on organizing the team and keeping it going. You can download the information from the website, or you can buy the book.

Ron Stevenson, 76, who lives in Gaithersburg, Md., has organized three Share the Care groups. The core members of each caregiving team—and the beneficiaries of their help—belonged to a large running group in the Washington, D.C., area. Two friends were diagnosed with terminal cancer. The third Share the Care group in 2011 cared for a married couple who were injured in a car accident.

Following the book’s instructions, Stevenson and his wife, Pam, set up an initial meeting between the patients and the Share the Care group. “They talk about their illness and their feelings,” Stevenson says. “It’s pretty powerful stuff.” Each group ranged from about 30 to 100 volunteers.

Every Sunday, the captain for the week called the patient or spouse to see what was needed—and then assignments were issued, such as fixing dinner, doing laundry or just hanging out. Stevenson kept a spreadsheet. “Nobody gets wiped out by having to do everything,” says Stevenson.

When his friend Charlie Roberts was diagnosed with cancer, Stevenson asked Roberts’ wife if he could form a group to help her out. The group included members of their running group and Roberts’ friends from his Veterans of Foreign Wars post. The vets built a wheelchair ramp, mowed the lawn, took him to the hospital and spent the night. Eventually his wife hired a full-time aide. Roberts died in 2007.

Local governments are also looking to collaborative caregiving approaches. Westchester County, N.Y., has issued a manual on creating “care circles.” Circle members can’t provide skilled care, but they can cook and provide other help “that could keep older people in their homes for as long as possible,” says Colette Phipps, executive director of the county’s Livable Communities initiative.

Caregiver groups such as the Caring Collaborative are also a good way for older adults to make new friends. Victoria Weill-Hagai, 71, an artist in Manhattan, has volunteered several times for the New York City collaborative. “If you do a job for somebody you have never met and you sit with them for coffee afterward, you may find you have a lot in common,” Weill-Hagai says. **K SUSAN B. GARLAND**
When you or a family member experience a medical crisis, it can be hard enough to focus on getting the best care. The last thing you want to deal with is an overwhelming pile of medical bills.

Health insurance claims specialists can help. They serve as experts, advocates and detectives—knowing how to deal with the mysterious and complex insurance system, translate the jargon and codes, understand when you need to pay a bill and when to wait, and how to fix errors and build a case for an appeal.

“It’s not a process you get good at because hopefully you don’t go through it very much,” says Kathleen Hogue, president of Mediform Inc., in Twinsburg, Ohio, who has been a medical claims specialist for 37 years. Her job has changed a lot during that time, especially now that more people have high-deductible health insurance policies, complex out-of-pocket cost rules and narrow provider networks.

Claims specialists tend to charge $75 to $95 per hour, and they’ll generally give you a free consultation with a cost estimate and some basic advice. You can find claims specialists through the Alliance of Claims Assistance Professionals (www.claims.org). Some prefer to work locally; others have clients throughout the U.S.

If you suspect there is an error in a medical bill, it helps to contact a claims specialist before making arrangements to pay. “You don’t want to negotiate 50% off something you didn’t owe to start with,” says Pat Palmer, a medical claims specialist in Roanoke, Va.

“You want to contact someone with experience to do a thorough investigation into those charges.”

Contacting a claims specialist soon after discovering a problem can help avoid hours of frustration and missed deadlines (specifics vary by plan, but you generally have 180 days to file an appeal). “Many times people try to resolve it on their own, and they make a million phone calls and fight with the insurance company,” says Denise Sikora, president of DL Health Claim Solutions, which has offices in Monroe Township, N.J., and The Villages, Fla. “By the time they get to me, these claims are often more than a year old, and sometimes two and three years old,” says Sikora.

The claims specialist may be able to spot an error to get a claim paid quickly without filing an appeal. Pat Shea, a specialist in Green Bay, Wis., says about 80% of the denials he deals with are reversed once he resubmits the claim with extra information or coding mistakes fixed. Only about 20% go to a formal appeal.

**Strategies to Trim Bills**

Shea first studies the denial letter. “You look at the reason for the denial, and that’s what gives you the way forward,” he says. If payment was denied because the procedure was cosmetic, such as removal of a skin lesion, he asks the doctor to provide evidence that the procedure was medically necessary, for example. If the diagnosis or treatment was miscoded, Shea fixes it and resubmits the claim. He tries to deal with insurers through e-mail, so he has a paper trail. (His website at www.medicalclaimshelp.org offers more strategies.)

Shea can also help people avoid claims trouble ahead of time. Anne Richardson of Alexandria, Va., contacted Shea when she was helping her adult daughter get coverage for cochlear implant surgery. Her daughter works in Atlanta, but the surgeons recommended for her complex case were in Chicago. Before scheduling surgery, Richardson contacted Shea to find out if there was anything he could do to get coverage at the distant hospital. Shea found that her daughter’s plan has a reciprocal arrangement with certain out-of-state hospitals in the Midwest. He made sure that her surgeons, radiologists, anesthesiologists and followup therapy providers would all bill at in-network rates.

Richardson says the full price for the surgery and therapy would have been about $90,000, but with in-network coverage they paid just $6,000 (plus $225 for Shea’s help). “If you are facing a complicated surgery, get someone to check on the coverage ahead of time,” says Richardson. **K KIMBERLY LANKFORD**