



OPTIMUM EXPERIENCE

NEWSLETTER FOR CANANDAIGUA NATIONAL BANK & TRUST OPTIMUM CHECKING CUSTOMERS

Do You Have the Right Medicare Coverage?

Medicare can be very complicated. You understand that something happens/must be done when you reach your 65th birthday. There are many rules that may or may not apply to you if you are retired, still working, covered by an employer plan, covered by spouse's employer plan. The size of your company will also make a difference.

At CNB, we can help take the guesswork out of your health care coverage. Read on to familiarize yourself with the Medicare basics, but also be sure to call us and schedule a health care review –because there is nothing worse than paying too much premium for not enough medical coverage. We take the time to sit down with you to ensure that you understand exactly what you will have and at what cost. The optimum time for consultation is 3 months prior to your 65th birthday. However, even if you are already enrolled in Medicare a review is beneficial at any time as we may be able to improve your situation.

How do I enroll in Medicare?

You'll be automatically enrolled in Medicare when you turn 65 if you're already receiving Social Security benefits, or if you apply for Social Security benefits at age 65. In either case, the Social Security Administration will notify you that you're being enrolled.

Although there's no cost to enroll in Medicare Part A (Hospital Insurance), you'll pay a premium to enroll in Medicare Part B (Medical Insurance). If you've been automatically enrolled in Part B, you'll be notified that you have a certain amount of time after your enrollment date to decline coverage. Even if you decide not to enroll in Medicare Part B during the initial enrollment period, because you are actively at work for a large employer (20 employees or more) you can enroll later should you retire or decide that a Medicare plan might be less expensive than the group plan.

If you decide to postpone applying for Social Security past your 65th birthday, you can still enroll in Medicare when you turn 65. The Social Security Administration suggests that you call (800) 772-1213 three months before you turn 65 to discuss your options. You can apply by visiting your local Social Security office, or you may be able to enroll over the phone or online at www.SocialSecurity.gov. You can also make an appointment to meet with our Medicare specialist, who can help to make the process easier.

If I'm covered by Medicare, should I have additional health insurance?

It's often wise to purchase health insurance to supplement your Original Medicare coverage, because Medicare generally won't cover all of your medical expenses. Usually, you'll have to satisfy a deductible before Medicare pays anything, and you'll also pay a co-payment when you visit a physician or are admitted to the hospital.

Fortunately, you can buy supplemental insurance from private companies that will help you plug the gaps in your Medicare coverage. These Medigap plans are regulated and standardized by the federal government. There are 10 different kinds of plans. If premium cost is a concern, you can purchase a Medicare Advantage plan, which has copays and coinsurance, but has a very low premium.

If you are computer savvy a good source to compare Medicare Advantage plans is (www.medicare.gov). Unfortunately, none of the Medigap plans are available on this website. To obtain an overall review your best course of action is to contact us to set an appointment.

Whatever plan you choose, you have the right to cancel it within a certain amount of time (usually 30 days) if you don't like the policy after you buy it. In addition, the policy must be guaranteed renewable and cannot duplicate existing coverage, including Medicare.

How We Can Help

Medicare with a prescription drug only/ Medicare with a Medigap and prescription drug/ Medicare Advantage plan. The choices can be overwhelming. We understand and encourage you to make an appointment. Don't take a chance of overpaying or underinsuring. All medical reviews are at no cost to you.

Margaret M. Whelehan is Vice President - Personal Banking and Insurance Agency Manager. She can be reached at (585) 249-4980 x41034 or by email at MWhelehan@cnbank.com.



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Come Picnic with Us!

Wednesday – August 17, 2016 | 11:30am-1:00pm

Sonnenberg Gardens | 151 Charlotte Street, Canandaigua

Watch your mailbox for more information in mid-July.

Accepting early registration online!

Visit CNBank.com/Picnic

Social Security: When is the best time to start collecting?

One of the hottest financial planning topics is Social Security planning. The strategy of filing and collecting at age 62 may seem simple, and when income is needed, can be a good one. However, as we all have paid into the system, it makes good financial sense to understand your options and to choose a strategy that is right for you. What if you collected a spousal benefit in order to let your own grow to the maximum allowable amount? For divorcees: what if you collected your ex-spousal benefit and let your own grow? What options do married couples have?

Our Personal Bankers have the capability to help you plan for different Social Security filing scenarios. We can also estimate how much more household income would result. Read on for some Social Security basics, but we do encourage you to contact us for an appointment. Access to CNB's Personal Banking team is free of charge- just our way of saying thank you for your valuable banking relationship!

Should I collect Social Security benefits at age 62, or should I wait until full retirement age?

Keep in mind that if you collect Social Security before your full retirement age, your benefit will be permanently reduced throughout. Depending on the year you were born, this amounts to receiving between 25 and 30 percent less per month if you collect benefits at age 62 versus waiting until "full retirement age" to begin collecting benefits. However, this doesn't necessarily mean that collecting benefits at age 62 is unwise. If your life expectancy is short, for example, you may actually end up with more money if you start collecting Social Security benefits at age 62. If we only had a crystal ball! Hence, the benefit of weighing your options!

There are also good reasons to wait until full retirement age (or beyond) to start collecting benefits. For example, if you work full-time past age 62, you may have the opportunity to increase your eventual retirement benefit, particularly if you are in your peak earnings years, as your benefit will be figured using your 35 highest earnings years.

Additionally, if at retirement your income will be restricted, you may want to receive as much as possible from Social Security each month at that point; waiting may be worthwhile for you. If you can wait past full retirement age to begin collecting benefits, you will receive delayed retirement credits (up until age 70) that will permanently increase your benefit. At this time, for each year you delay starting benefits beyond age 66, 8% of your full-retirement-age benefit is added to your payment.

Points to consider include whether other people will be eligible to receive benefits based on your work record, your eligibility for Medicare, your estimated life expectancy, and tax implications. The Social Security Administration (SSA) has several online benefit estimators available at www.ssa.gov. You can also contact myself or any member of the Personal Banking team; we are able to guide your decision to file or wait.

William J. Boyle is a Personal Banker and can be reached at (585) 394-4260 x40224 or by email at WBoyle@cnbank.com.

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Life Insurance Options Later in Life

Did you buy life insurance years ago and just realize that you are still paying the same premium even though your lifestyle and family situation has changed?

The kids are grown and out of the house, you are retired and now living on a fixed income, perhaps today you are divorced or even widowed. Understand that there are several options for your old life insurance policies-do not be tempted to simply abandon the policy or surrender your life insurance coverage.

You do have an option to exchange an existing life insurance policy for a new life policy or another type of insurance product. This is known as an IRC Section 1035 exchange.

You must follow IRS rules when making this exchange; be careful not to incur unnecessary costs in completing the transaction.

If the premium cost of your current life insurance policy is an issue, you may be able to reduce the death benefit, lowering the premium cost in the process. You can also try to exchange your current policy for a policy with a lower premium cost but be careful as you will need to qualify medically for the new insurance.

You may be able to exchange the cash value of a permanent life insurance policy for an immediate annuity, which can provide a stream of income for a predetermined period of time or for the rest of your life. Each annuity payment will be apportioned between taxable gain and nontaxable return of capital.

Another potential option is to exchange your life insurance policy for a tax-qualified long-term care insurance (LTCI) policy, provided that the exchange meets IRC Section 1035 requirements. Any taxable

gain in the cash surrender value is deferred in the long-term care policy, and benefits paid from the tax-qualified LTCI policy are received tax free.

How CNB Can Help

Personal Bankers are available to review old policies and recommend appropriate changes to meet new financial goals. We encourage you to contact us for an insurance review appointment.

Jerry W. Lack is a Personal Banker and can be reached at (585) 394-4260 x41828 or by email at JLack@cnbank.com.



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