



Protecting A Lifetime Of Memories

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How To Secure An Income, That Lasts A Lifetime!

During a recent conversation with a family member we briefly discussed their retirement income and they made the following comment; "As long as we earn an average 8 to 9% return, our money will last forever." It reminded me that many retired people are counting on their stockbroker to outperform the stock market during their 20 or more years of retirement. And, maybe they will! But, even if their broker is able to outperform the stock market, they still run the real risk of running out of money.

Let me explain. Over the years, I've had too many retired couples come to me, asking for help, because they were running out of money. Example: One couple retired in 1992 with a little over one million dollars. They were taking \$70,000 per year to live on, and when I met them in 2003 they had less than \$176,000. They were running out of money and didn't know what they were going to do.

Their broker had assured them they would average an 8 to 9% return on their investments... and they had! The problem is that although they had averaged the 8 to 9% return, they didn't get that return each and every year. There were years where they made less than 8 to 9%, and years where they lost money. And, each of those years they still withdrew the \$70,000 of income they needed to maintain their current life style. When you take an income in years with low returns or losses, you are often forced to dig into your principal, and you are compounding your investment losses.

Plus, each year they were paying management fees to their broker, whether investments made money or not. Consider, if you average 8 to 9%, and you pay a 2% management fee, then isn't your net average return only 6 to 7% per year?

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Medicare Advantage Plans

Medicare Advantage Plans are health plan options (like HMOs and PPOs) approved by Medicare and run by private companies. These plans are part of the Medicare Program and are sometimes called "Part C" or "MA plans." Medicare pays an amount for your care every month to these private health plans. Medicare Advantage Plans must follow rules set by Medicare. Medicare Advantage Plans aren't supplemental insurance.

Medicare Advantage Plans include:

- Medicare Health Maintenance Organization (HMOs)
- Preferred Provider Organizations (PPO)
- Private Fee-for-Service Plans
- Medicare Special Needs Plans

If you join one of these Medicare Advantage Plans, you generally get all your Medicare-covered health care through that plan. These plans generally include prescription drug coverage.

Note: You are still in the Medicare Program. You still have Medicare rights and protections, including the right to appeal. You still get Medicare Part A and Part B coverage.

How Do Medicare Advantage Plans Work?

Medicare Advantage Plans provide all of your Part A (Hospital Insurance) and Part B (Medical Insurance) benefits and must cover at least all of the medically necessary services that the Original Medicare Plan provides. However, Medicare Advantage Plans can charge different co-payments, coinsurance, and deductibles for these services. It's

Interesting Facts:

- Crocodiles swallow stones to help them dive deeper.
- A zebra is white with black stripes.
- Hummingbirds can't walk.
- The human body has enough fat to produce 7 bars of soap.
- Tigers have striped skin, not just striped fur.
- It's impossible to sneeze with your eyes open.
- Porcupines float in water.

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Money Saving Tips

The new year is here and with all the talk about the recession, it couldn't hurt to save a few extra bucks. Here are a few money saving tips!

1. Combine your cable, internet and telephone service. Companies now offer combined services that not only cost less, but offer the convenience of a single bill.
2. Slow down your internet service. I went to the slower internet service option with my cable company and saved \$15 per month. And I haven't noticed a difference when surfing the Net.
3. Request a reduction in the interest rate for your home equity line of credit. Some mortgage companies will agree to reduce the rate by more than 0.50%. It never hurts to ask.

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The final straw for them was when the stock market took the downturn in 2000 to 2003 and they lost over 40% of their remaining money. Because they had no way to recoup their losses and needed the income, they were forced into taking out a reverse mortgage on their home, significantly cutting back on their life style and looking to their children for help. This is much too common a story.

What's The Best Way To Make Your Money Last?

There is no single investment, or income generation strategy that will work in every situation! Everyone's situation is different. However, income laddering

Medicare Advantage Plans

important to call any plan before joining to find out what your services will cost and to make sure the plan meets your needs.

Some Medicare Advantage Plans offer extra benefits, such as vision, hearing, dental, and/or health and wellness programs, and most include Medicare prescription drug coverage (usually for an extra cost). Medicare Advantage Plans generally have provider networks. This means you will probably have to see doctors who belong to the plan, or go to certain hospitals to get covered services. You may need a referral to see specialists.

To join a Medicare Advantage Plan, you must have Medicare Part A and Part B. You will have to pay your monthly Medicare Part B premium to Medicare. In addition, you might have to pay a monthly premium to your Medicare Advantage Plan for the extra benefits that they offer.

Who Can Join?

You can generally join a Medicare Advantage Plan if you meet these conditions:

with a portion of your money, using annuities, may provide the potential for a longer sustainable income, with much less risk to your investments and no fees. There is also the new breed of annuities that can provide the upside potential of the stock market, without the catastrophic downside market risks.

There is much to consider in your retirement years and many questions that need answers. One of the most important questions for you is:

“What's more important, your investment returns, or the amount of income you get to spend?”

You have Part A and Part B.

You live in the service area of the plan. Contact the plan you're interested in to find out about its service area.

You don't have End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant) with some exceptions.

Note: In most cases, you can join a Medicare Advantage Plan only at certain times.

Note: If you join a Medicare Advantage Plan, your Medigap policy won't work. This means it won't pay any deductibles, co-payments, or other cost sharing under your Medicare Health Plan. Therefore, you may want to drop your Medigap policy if you join a Medicare Advantage Plan.

To find out more about the Medicare Advantage Plans, you should read **‘Medicare and You 2008’**. And, you can get a lot more information by visiting... www.medicare.gov/Choices/Overview.asp