



**FINANCE**  
for Seniors

# Health Care Tax Deductions

Seniors often incur more medical expenses as they age, and out-of-pocket expenses can spiral out of control. The good news is that many medical expenses are tax deductible.

You'll have to itemize your taxes and medical expenses must exceed 7.5% of your adjusted gross income. A tax professional can help you decide what is an itemizable and deductible expense, but here are some common examples:

- Dentures, eyeglasses, hearing aids and batteries, prosthetic devices and wheelchairs.
- Hospital service fees such as those for nursing services, surgery, lab work and more.
- Doctor service fees.
- Ambulance service fees.
- The premium for a

Medicare Part A plan if you aren't covered under Social Security or weren't a government employee who paid Medicare tax.

- Medicare Part B and Part D premiums.

- Insurance premiums for policies that cover medical care so long as you aren't claiming a credit or deduction for premiums that were paid.

- Nursing home care, including room and board, so long as



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the primary reason for residence is to receive medical care.

- Braille books and magazines.
- Oxygen and related equipment.
- Prescription drugs.
- Diagnostic devices such as blood sugar test kits for diabetics.
- Qualifying long-term care services.
- Qualifying capital expenses

for special equipment installed in the home or for home improvements if the main purpose is to provide medical care. These are things such as widening doorways, lowering or modifying kitchen cabinets, installing lifts and adding handrails or grab bars.

- Transportation and car expenses related to travel to and from medical care.
- Dental treatment, including preventive treatment and proce-

dures to alleviate dental disease.

- Care expenses incurred for disabled dependents.
- Eye exams and qualifying corrective vision devices such as glasses and contacts.
- Fees related to the buying, training and maintenance of a guide dog or other service animal.
- Personal protective equipment for the primary purpose of preventing the spread of COVID-19.

- Prepaid insurance premiums for medical care so long as they are payable in equal yearly installments or more often and payable for at least 10 years or until age 65, but not less than five years.

- Psychiatric care, including the cost of supporting a mentally ill dependent at a specially equipped medical center.

- Medical expenses related to programs to help you stop smoking.

# Social Security Benefits 101

For years, you paid into Social Security as part of your wages from most jobs. Now, when you retire, it's time for you to tap into those payments.

Here are the basics about accessing your Social Security benefits.

## WHO IS ELIGIBLE?

You must be 62 or older or have a disability or blindness. You must have enough work credits to be covered. You can earn up to four work credits per year based on your annual earnings. Generally, the Social Security Administration says you must have earned an average of one work credit for each calendar year between age 21 and the year in which you wish to apply for your benefit, up to a maximum of 40 credits. A minimum of six work credits is required, regardless of age.

To qualify for benefits based on a disability other than blindness, you must have worked long enough and recently enough under Social Security rules.

The number of credits you need depends on the age in which you met the requirements for disability. Generally speaking, the administration says you need 20 work credits earned in the past 10 years ending with the year you became disabled.



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## WHAT TYPES OF BENEFITS CAN I GET?

Social Security pays five types of benefits: Retirement, disability, spouses and dependent children, survivors and Medicare. The first four pay monthly benefits; Medicare provides medical coverage for those eligible.

How much you can get depends on your age and

earnings history. The Social Security Administration provides a calculator where you can check your estimated benefits at [ssa.gov/oact/quickcalc](https://ssa.gov/oact/quickcalc).

## WHEN CAN I RECEIVE BENEFITS?

The Social Security Administration says that the decision when to receive benefits is a personal one and is

different for each individual situation. You can opt to take a smaller payment for more years at age 62, or you can wait until 70 and receive a larger payment. When you elect to receive your payments depends on factors such as your cash needs, your health, other sources of retirement income, your future financial needs and more.

You can also keep working when you reach full retirement age, earning and collecting your Social Security benefits up to a point. If your earnings exceed certain amounts, your benefits may be reduced or withheld. However, those withheld earnings will come back to you in the form of higher payments when you do stop working.

# Catch-Up Contributions

Catch-up retirement contributions are elective deferrals made by those 50 or older that exceeds some limit — such as plan-imposed limits, statutory limits or the actual deferral percentage test limit for highly compensated employees.

These deposits can help you catch up on your retirement savings, especially if you haven't hit recommended limits in prior years or if you feel like you may need more in retirement contributions than you have saved. T. Rowe Price recommends saving 15% of your earnings every year, but plan and budgetary limits may have prevented that in previous years. Catch-up contributions can help.

You can make catch-up contributions to retirement plans such as 401(k)s, IRAs and Simplified Employee Pensions (SEPs).

These contributions can be key to ensuring you can retire with a degree of financial flexibility. You can also realize some tax benefits from making these payments.

## WHAT ARE MY LIMITS?

There's a limit to the catch-



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up contributions you can make. Here are some common plans' limits for 2024, according to the IRS.

- IRAs: \$1,000.
- SIMPLE plans: \$3,500.
- 401(k), 403(b) and profit-sharing plans: \$7,500
- 457 plans: \$23,000.

There may also be statutory limits or plan-imposed limits set forth by individual plans.

## CHANGES COMING: SECURE 2.0

Starting in 2026, people over 50 who make less than \$145,000 can continue making catch-up contributions to regular pre-tax 401(k)s. Those who make more than \$145,000 will have to make catch-up contributions to Roth 401(k)s, which changes contributions to after-tax deductions instead of pre-tax. This change

was originally to take place in 2024, but the IRS granted a two-year grace period to allow people more time to set up Roth accounts. Another Secure 2.0 change is that catch-up contributions for employees 60-63 years of age jump by 50%.

The changes are a boon for those who hoped to diversify their retirement accounts. However, for savers who

hoped to reap some of the upfront benefits of 401(k) contributions, a visit to your financial professional may be in order. Some savers may also want to set up a Roth IRA to transfer funds to in retirement. Otherwise, you may have to deal with a rule that requires you to take pre-tax and after-tax money with 401(k) withdrawals.

# Finding Burial Insurance

Burial insurance is a plan that covers the cost of your funeral, cremation or memorial expenses. It can be used for your beneficiary to pay off debts, including medical bills, credit cards and loans.

This benefit can also be called a death benefit or funeral insurance. It's tax-free, usually, and can be a feature in some life insurance policies.

## HOW MUCH DO FUNERALS COST?

The average cost of a funeral in the U.S. with a viewing and burial is \$7,848.

Cremation costs slightly less, coming in at around \$6,971, according to MarketWatch.

Some of the costs include service fees paid to funeral directors, fees for permits and death certificates, picking up remains, embalming, cremation or casket costs, visitation or viewing fees, hearse fees, family member transportation, a cemetery lot, a burial vault or grave liner, and fees for headstones or markers.

## TYPES OF DEATH BENEFITS

Life insurance policies can include death benefits. Term life insurance provides coverage for a limited amount of time — a term. It's one of the



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cheapest life insurance options available and may not even require a medical exam. Permanent life insurance covers you for as long as you live, so long as you make your premium payments. Whole life insurance is a type of perma-

nent coverage that provides a set death benefit and leveled premium payments. They usually accrue cash value that can provide a living benefit that lets you withdraw money or borrow against it.

Payable-on-death accounts

are bank accounts that allow you to name a beneficiary to receive the assets upon your death. These are great for funeral expenses because they're outside the probate process. Your beneficiary just needs their identification and

a death certificate. You may even be able to add a payable-on-death beneficiary to your existing checking or savings accounts. Just remember that traditional checking or savings accounts may be subject to the probate process.

# Finding Low-Cost Services

For older people, internet and cell phone service can be more than a way to pass the time. It can be an actual lifeline.

The good news is that it doesn't have to take up a chunk of your budget, either.

Here are some tips for saving on your internet and cell phone services.

## **AFFORDABLE CONNECTIVITY PROGRAM**

The federal government's Affordable Connectivity Program is a \$14 billion program to help households afford broadband internet. It provides up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on tribal lands, the Federal Communications Commission says.

Eligible households can receive a one-time discount of up to \$100 to purchase a laptop, desktop computer or tablet from participating providers if they contribute more than \$10 and less than \$50 toward the purchase price.

So who is eligible? A household is eligible for the program if its income is at or below 200% of the Federal Poverty Guidelines or if a



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member of the household meets one of these criteria:

- Someone in the household received a Pell Grant during the current award year.
- The household meets the eligibility criteria for a provider's existing low-income program.
- Someone in the household participates in the free or

reduced-price school lunch or breakfast program, SNAP, Medicaid, federal housing assistance programs, Supplemental Security Income (SSI), WIC, receives veterans pension or survivor benefits, participates in Lifeline, or participates in one of several tribal assistance programs.

## **LIFELINE**

Lifeline is a separate FCC program that provides a discount on qualifying monthly telephone, broadband Internet or bundled voice-broadband packages. The discount is up to \$9.25 per month for eligible low-income subscribers and up to \$34.25 per month for subscribers on tribal lands.

The FCC says subscribers may receive a Lifeline discount on either a wired or wireless service, but not both at the same time. Eligible households have an income that is at or below 135% of the Federal Poverty Guidelines or they participate in certain federal assistance programs, such as SNAP, Medicaid, SSI and more.

# Planning for Final Expenses

When you're planning for your financial future, you should consider a future without you in it. It's sad to contemplate, but planning your estate now will keep things smooth when you're gone.

## WHY YOU SHOULD HAVE A WILL

A will is a legal document that explains your wishes regarding what happens to your estate after you die. Your estate is more than just your home — it's everything you own, including clothes, jewelry, cars, land, and furniture. Dying without a will is called dying intestate. When someone dies intestate, the estate goes through the probate process and is divided according to state laws. Even if your family knows your preferences, without a will, they won't have much say in court.

## HOW TO MAKE A WILL

Lawyers can help you navigate the individual needs of your estate, especially if it is large, if you have complex family dynamics or other issues that complicate the process. Even if you prepare a will online, consider hiring a lawyer to review it and make sure it will cover all the necessary arrangements so that things go smoothly after you are gone.



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## PICK YOUR EXECUTOR AND BENEFICIARIES

One of the first things you should consider is who will be in charge of your will and estate and who will benefit. The executor is the person in charge and beneficiaries are

the people who benefit. An executor can be a professional, such as a lawyer or accountant, or it can be a trusted family member or close friend.

Your beneficiaries can be anyone or any organization

you designate. You can choose family members, friends, nonprofit organizations, schools, even your pets. Clearly identify all the beneficiaries to prevent confusion during the probate process. If you care for any minor chil-

dren or adults with special needs, make sure your will designates appropriate care for them.

You may need to list these beneficiaries in other places, too, such as on bank accounts or on insurance policies.

# Traveling on a Budget

Flying and hitting the road is more expensive than ever, but that's not stopping older Americans.

The AARP surveyed people over 50 in 2023 and found that three out of every five people planned to travel that year, mainly to spend more time with family and friends.

The survey also showed travel ranked in the top three priorities for older Americans' discretionary income. AARP says that Americans over 50 spend more than \$149 billion annually on leisure travel. Here's how you can stretch that travel budget to cover all the places you want to see.

## TAKE ADVANTAGE OF THE SENIOR DISCOUNT

Many places offer discounted or free perks to seniors. Check the guidelines before you arrive and expect to show valid government ID to take advantage of the discount. Also look for discounts for being a member of certain organizations, including any professional organizations you were in before retirement, or for people who held certain jobs, such as veterans.

Make sure you ask ahead of time if there are any restrictions on using your discount, including on weekends or over certain holidays.

## HIT THE ROAD DURING OFF-PEAK SEASONS

One benefit of being retired



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is that you can travel during off-peak seasons and be flexible with your dates, which can save you big money. One example is hitting up a Caribbean beach during the fall, when families are back in school and the weather is

pleasant enough to make a beach trip enjoyable.

## JOIN A TRAVEL CLUB

If you enjoy traveling but don't want to go by yourself or want the experience of meeting new people along the way,

consider joining a senior travel club. Some of these clubs include Road Scholar, Adventures Abroad, Firebird Tours and more. The advantage of traveling in a group is that you can take advantage of pre-set itineraries and deals

worked out by the travel club on your behalf. Talk to your local travel professional about travel clubs near you. Ask questions to make sure that the destinations and the people you'll be traveling with fit your lifestyle.