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From the Desk of

Chuck Testino

Welcome to the New Year! I hope that 2013 will be filled with much success and happiness for you and for your family.



Our newsletter this quarter offers an informational insight into questions that clients have been asking about over the last quarter and many of those questions deal with an up-coming retirement. So I hope you gain some knowledge on Medicare enrollment periods, pros & cons of early Social Security benefits and looking at Life Insurance in a new light. As always I invite you to call anytime you have a question or need assistance with your investments.



Taking Death out of Life Insurance

Clients have a growing number of challenges that face them and their families. One of the most critical challenges is income planning for sustained financial security for themselves and their beneficiaries.

Today life insurance products offer features that can cover living benefits to you, the life insurance owner, as well as, death benefits to your beneficiaries in the form of an income stream instead of a lump sum payout. Living benefits, also known as accelerated benefit riders, have evolved beyond terminal illness riders. Policies may now offer the insured access to a portion of the death benefit after a heart attack, cancer diagnosis or stroke, which provides added levels of financial protection during a time of crisis.

Income planning is another evolved feature of life insurance policies. A growing number of carriers have developed income strategies for the beneficiary and possibility for the policy owner when structured correctly. For the beneficiary, instead of receiving a large lump sum, they receive a smaller lump sum with a continuing income stream for the remaining death benefit. This is a good strategy for a surviving spouse who has little money management experience, for adult children whose income prospects aren't stable or for grandchildren as a gifting source. Some policies may also offer the policy owner access to the cash value tax-free, if accessed as loans versus distribution.

If you would like more information on how life benefit and income planning features could work to strengthen your financial security, call me for an appointment. I would be happy to get an understanding of your concerns and develop an illustration and plan to meet your needs.

Smith, Michael (2012, December). Taking Death Out of Life Insurance. InsuranceNewsNet, 30-32



Are You Retiring?

If you are planning on retiring this year, call me to review all of the options that are available to you. The state of Arizona offers many choices for those who are going to retire and it can be very confusing.

I will review these options with you and explain the differences between each option given. You **DO NOT** want to leave lifetime benefit payments on the table.

I will show you how to maximize your benefits to sustain a lifetime income stream that is suited for your personal needs. You should review and finalize these options **THREE MONTHS (3)** prior to retirement.

Call me at **(520) 323-3036** to set an appointment now.



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SSI and Early Retirement

There are advantages and disadvantages to taking your social security benefits before your full retirement age. Full retirement age is the age at which a person may first become entitles to full or unreduced retirement benefits. No matter what your full retirement age, here is a look at what a \$1000 full retirement benefit would be reduced to if benefits were taken early.

Full Retirement and Age 62 Benefit By Year Of Birth				
Year of Birth	Full (normal) Retirement Age	Months between age 62 and full retirement age	At Age 62	
			A \$1000 retirement benefit would be reduced to	The retirement benefit is reduced by 4.
1937 or earlier	65	36	\$800	20.00%
1938	65 and 2 months	38	\$791	20.83%
1939	65 and 4 months	40	\$783	21.67%
1940	65 and 6 months	42	\$775	22.50%
1941	65 and 8 months	44	\$766	23.33%
1942	65 and 10 months	46	\$758	24.17%
1943-1954	66	48	\$750	25.00%
1955	66 and 2 months	50	\$741	25.83%
1956	66 and 4 months	52	\$733	26.67%
1957	66 and 6 months	54	\$725	27.50%
1958	66 and 8 months	56	\$716	28.33%
1959	66 and 10 months	58	\$708	29.17%
1960 and later	67	60	\$700	30.00%

The advantage to starting your social security benefits at age 62 is that you collect benefits for a longer period of time. The disadvantage is your benefit is reduced. Should you decide to wait to receive benefits until after your full retirement age, you may be eligible for delayed retirement credits that would increase your monthly benefit. Annual delayed retirement credit percentages vary from 3% to 8% base off of the year of birth.

You also want to keep in mind that there are other things to consider when making the correct decision about your retirement benefits. You'll want to consider your family longevity, your health, your available health insurance options and if you are eligible for benefits on someone else's record or if there are other family members qualified for benefits on your record.

The answer is that there is no "best age" applicable to everyone and, ultimately, it is your individual choice. You should make an informed decision about when to apply for benefits based on your individual and family circumstances. Consulting with a financial professional to help you sort out your individual situation is always a step in the right direction to making an informed decision.

Important Point: If you decide to delay receiving your retirement benefits, be sure to sign up for Medicare at age 65. If you do not sign up during the age 65 enrollment period, your Medicare coverage may be delayed and cost more.

<http://www.socialsecurity.gov/retire2/agereduction.htm>



Medicare Enrollment Periods

Knowing when you can get Medicare, Medicare Advantage and Prescription Drug Coverage can sometimes be confusing. Below is a brief explanation of the initial enrollment period.

Many people automatically get Medicare Part A and Part B when they are currently receiving Social Security benefits through early enrollment or disability coverage. However, if you have waited for full retirement age or older before receiving social security benefits, you won't get Medicare Part A and Part B automatically and you'll need to sign up during your Initial Enrollment Period.

This Initial Enrollment Period is a 7-month period that begins 3 months before the month you turn 65, the month of your birthday and the 3 months after you turn 65. To avoid a delay in your coverage, it is always best to sign up during the 3 months prior to the month you turn 65.

For further information on the various enrollment periods, including who can sign up, when you can sign up and how the timing can affect your cost, the Department of Health and Human Service's has put out an excellent tip sheet that you can access on their website at www.medicare.gov/Pubs/pdf/11219.pdf. You can also contact the Social Security Administration directly at 1-800-772-1213.