BLUE CANYON WEALTH

SEMINAR RECAP

Your take-home summary

2026 EDITION

Social Security *Seminar*

PLUS **Retirement Income for Life** **Medicare** **Living Trust**

A recap of what we covered: what it means, what to do next, and how to get your questions answered.









> **"You file only once — so get the right information early on."**



PRESENTED BY

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A NOTE FROM ALVIN

Why I put this guide together

As a Fiduciary Financial Advisor, you can't be a good advisor without understanding how Social Security works for everyone.

Getting ready for retirement is not easy. There is so much to consider: income and cash flow, health coverage, expenses, legacy planning, long-term care, and more. If you don't have an advisor, or your current advisor isn't talking to you about all of this, find one who understands it so you have someone to call. It's confusing, but a good advisor to navigate it with you makes life easier, helps you make fewer mistakes, and gives you more time to focus on family instead of researching conflicting information.

I call Social Security retirement your **"Guaranteed Income"** for life — the benefit you paid into during your working years. For some of you, this is all you have as guaranteed income; for others, you might also have a pension at work.

I see my role as helping people understand what that amount will be, and then looking at your other retirement accounts to create a plan so that you can collect both your guaranteed income and a supplemental, non-guaranteed retirement income. The goal is to get both of these incomes working together for you.

I also like to talk about how Medicare and health insurance play a role in your future planning, as well as creating an estate plan and a living trust to make sure whatever you've protected is passed on the way you intend.



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01 · THE BASICS

The Two Questions Everyone Asks

Almost every Social Security question is a version of one of these two.

WILL IT BE THERE?

The question behind the headlines

- How pay-as-you-go works
- What the Trustees project
- What “going broke” really means

WHEN DO I FILE?

The decision you only make once

- Your three key ages
- What timing does to your check
- Couples, survivors and taxes
- Working while collecting

How Social Security works

Social Security is pay-as-you-go: today’s workers fund today’s benefits. The money you paid in was not saved in an account with your name on it — it paid the benefits of people collecting at the time, and your benefits will be funded by the workers who follow you.

6.2%
YOU PAY
of each paycheck

6.2%
YOUR EMPLOYER PAYS
matched on every paycheck

12.4%
TOTAL
goes to Social Security

- Taxed on wages up to **$184,500 in 2026** ($192,300 in 2027).
- Self-employed? You pay both halves — the full 12.4%.
- Medicare is separate: 1.45% each (2.9% total), with no wage cap.
- Your benefit is based on your own **highest 35 years** of earnings.

41.9 to 2.6
WORKERS PER BENEFICIARY
People paying in for each person collecting — 1945 vs. 2025

Sources: SSA, 2026 and 2027 COLA Fact Sheets; SSA, Ratio of Covered Workers to Beneficiaries; 2026 OASDI Trustees Report. Accessed October 2026.

02 · WILL IT BE THERE?

Will Social Security Go Bankrupt? No.

Plan for a possible reduction. Don’t plan for zero.

Late 2032
RESERVES PROJECTED TO RUN OUT
Trust fund reserves, per the 2026 Trustees Report

~78%
OF BENEFITS STILL PAID
Payroll taxes keep coming in after that

Money keeps coming in as long as people are working. Even if Congress did nothing, payroll taxes would still cover about 78% of scheduled benefits. That is a real shortfall worth planning around — but it is not zero.

Congress fixed this before — in 1983

Facing a similar shortfall, Congress raised payroll taxes, phased the retirement age up from 65 to 67, and made some benefits taxable. Checks kept coming.

Social Security is more than a retirement check

Roughly 70 million Americans receive a benefit every month. You paid for all three kinds of coverage — most people only ever think about the first one.

70%
RETIRED WORKERS
Retired workers and their dependents

19%
DISABILITY
Disabled workers and their dependents

11%
SURVIVORS
Widows, widowers and surviving children

Many Americans depend on it

The same program means very different things to different households, which is why rule changes hit some people far harder than others.

9 in 10
RECEIVE BENEFITS
Nearly 9 in 10 Americans 65+

1 in 4
COVERS 90%+ OF INCOME
Nearly all they have

4 in 10
COVERS 50%+ OF INCOME
At least half their income

1 in 3
EXTRA INCOME
Less than 25% of income

Sources: 2026 Annual Report of the Board of Trustees of the OASI and DI Trust Funds; SSA Fact Sheet and Monthly Statistical Snapshot; SSA Basic Facts. Figures rounded. Accessed October 2026.

03 · YOUR BENEFIT

Qualifying, Calculating, and the 2026 Numbers

How you earn it, how it is figured, and how to make sure it is right.

DO YOU QUALIFY?

40 credits

About ten years of work. One credit = **$1,890** of earnings in 2026 (four max per year). Credits never expire, and a spouse can claim on your record without any.

HOW IT'S FIGURED

Top 35 years

Your highest 35 years, indexed for wage growth and run through SSA's formula. Fewer than 35 years? Zeros get averaged in — a couple more working years can help.

YOUR NUMBERS

Check it

Go to **ssa.gov/myaccount**. See your estimate at 62, FRA and 70, then check your earnings record year by year. Errors are common, and you have about three years to fix one.

You never have to do the math. You only have to make sure the record is right.

Social Security by the numbers — 2026

For many people this is the only income that is guaranteed for life and rises with inflation.

$2,071
AVERAGE CHECK
per month · $24,852 a year

$4,152
MAX AT FRA
per month · $49,824 a year

$5,181
MAX AT AGE 70
per month · $62,172 a year

$184,500
WAGE BASE
earnings subject to the 6.2% tax

Just announced for 2027: average check near $2,170, maximum at FRA $4,188, wage base $192,300.

Cost-of-living adjustments: a free raise

Social Security is one of the only retirement incomes that rises with inflation — automatically, for life. The 2023 adjustment was 8.7%, the largest in 40 years. The adjustments since: 3.2% (2024), 2.5% (2025), 2.8% (2026), and **3.6%** just announced for 2027.

A bigger base earns bigger raises: **3.6% of $2,000 is $72 a month. Of $3,100, it is $112** — and that compounds for the rest of your life and your survivor's.

Sources: SSA 2026 and 2027 Cost-of-Living Adjustment Fact Sheets; SSA COLA history; Primary Insurance Amount formula. Maximum at 70 per SSA benefit formulas for a maximum earner. Accessed October 2026.

04 · THE BIG DECISION

You File Only Once

The age you claim permanently sets the base for everything that follows.

Your claiming age sets four things for life

1) Your monthly income — for the rest of your life. 2) Your survivor's income — often for another decade or more. 3) How much of your benefit is exposed to income tax. 4) How hard your savings have to work to cover the rest.

You have 12 months to change your mind — but you must pay back every dollar

You can withdraw an application within 12 months of filing, but only once in your lifetime, and you must repay every dollar received, including benefits paid to a spouse on your record and Medicare premiums withheld. (Form SSA-521.)

Do you know your Full Retirement Age?

Your Full Retirement Age (FRA) depends on the year you were born. **Most people reading this are at 67.** Filing at 62 means a 30% permanent reduction.

Year you were born	Full Retirement Age	Benefit if you file at 62
1943 – 1954	66	75.0%
1955	66 and 2 months	74.2%
1956	66 and 4 months	73.3%
1957	66 and 6 months	72.5%
1958	66 and 8 months	71.7%
1959	66 and 10 months	70.8%
1960 or later	**67**	**70.0%**

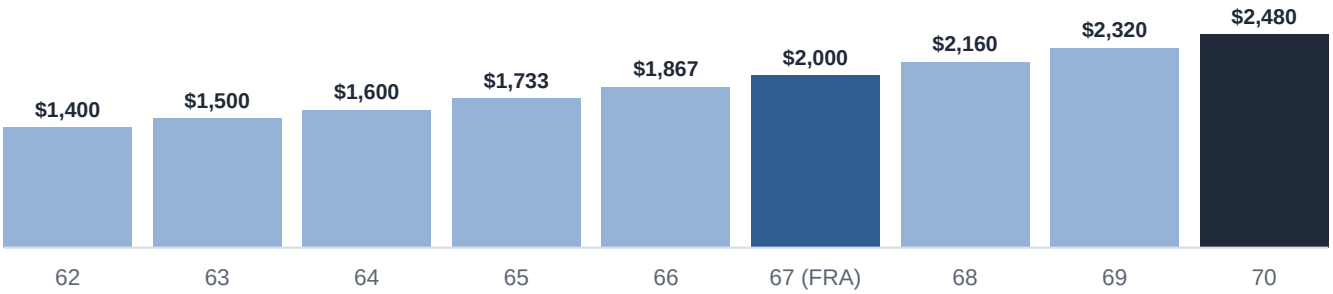
Source: SSA, Retirement Benefits by Year of Birth, ssa.gov/benefits/retirement/planner/ageincrease.html. Accessed October 2026.

05 · TIMING

How Your Start Age Changes the Check

A $2,000 monthly benefit at Full Retirement Age 67 (born 1960 or later).

Age 62 pays 70% (earliest, permanent cut, earnings test applies). Age 67 pays 100% (no earnings test from here on). Age 70 pays 124% — the largest check and the largest survivor check; credits stop.



Filing age	62	63	64	65	66	67	68	69	70
% of benefit	70%	75%	80%	86.7%	93.3%	100%	108%	116%	124%
Monthly	$1,400	$1,500	$1,600	$1,733	$1,867	$2,000	$2,160	$2,320	$2,480
Per year	$16,800	$18,000	$19,200	$20,800	$22,400	$24,000	$25,920	$27,840	$29,760
vs. age 67	−$600	−$500	−$400	−$267	−$133	—	+$160	+$320	+$480

From 62 to 70: $1,080 more a month — $12,960 more a year, for life

Same work history; the only variable is the date on the application. Take your statement number at 67 and multiply by 0.70 and 1.24 — that is your personal range. Never wait past 70; the credits stop.

The break-even question

If I wait, when do I come out ahead? On the same $2,000 benefit at 67:

Before ~79
FILE EARLY WINS
Smaller checks, but collected for more years

79–80
AVERAGE BREAK-EVEN AGE
Where waiting catches up

Past ~80
WAITING WINS
Bigger checks every year after — for life

A 65-year-old today can expect to live to about 84 (men) or 87 (women). **Married? Plan for the longer life** — the bigger check is the one that survives.

Illustration only; assumes no COLA and no taxes. Sources: SSA benefit formulas; SSA life expectancy at 65. Accessed October 2026.

06 · YOUR SITUATION

File Early or Wait? Both Can Be Right

Two people with identical earnings records can make opposite decisions — and both be right.

REASONS TO FILE EARLY

- You need the income now
- Health concerns or shorter family longevity
- Single with no survivor to protect
- Already retired with no earned income
- Bridging to 65 on your own health insurance
- Avoids drawing savings down at a bad time

REASONS TO WAIT

- You're the higher earner in a couple
- Good health and long-lived parents
- Still working (earnings test applies)
- You have other assets to live on first
- You want the largest possible survivor check
- You want to plan taxes before RMDs

For couples, this is the whole ballgame

The higher earner's check becomes the survivor's check.

Both alive	First death	The strategy
The household collects two checks. The smaller one is a convenience.	The smaller check stops permanently. Only the larger one continues.	The higher earner delays as long as practical — that check has to last two lifetimes. The lower earner can often file early.

Delaying the big check is survivor insurance you don't have to buy.

The same couple, three decisions

Ron is 60 and Nancy is 58 (life expectancy 85 and 90). Same earnings — only the filing dates change.

Both file at	Ron's check	Nancy's check	Lifetime benefits
Age 62	$2,108	$1,565	$1,959,732
Age 67 (FRA)	$3,011	$2,235	$2,325,540
Age 70	**$3,734**	**$2,771**	**$2,579,220**

$619,488 difference — same couple, same earnings, different filing dates.

Illustration only. Monthly checks in today's dollars; lifetime totals assume a 3% annual COLA and that Nancy receives Ron's benefit as a survivor after his death. Actual benefits will differ.

07 · WORK AND TAXES

Working While Collecting, and Will Benefits Be Taxed?

Two rules that quietly change what you actually keep.

The earnings test

If you file before Full Retirement Age and keep working, part of your benefit is withheld.

Situation	2026 (2027)	Above that
Under FRA all year	$24,480 ($25,560)	$1 withheld per $2
In the year you reach FRA	$65,160 ($67,920)	$1 withheld per $3
FRA and beyond	No limit	Nothing withheld

- Only **earned income** counts — wages and self-employment. Pensions, IRA withdrawals, interest, dividends and annuity income do **not** count.
- Withheld benefits are not lost. Your check is recalculated upward at FRA.

Source: SSA, 2026 and 2027 COLA Fact Sheets — Retirement Earnings Test Exempt Amounts. Accessed October 2026.

Will my benefits be taxed?

Provisional income = adjusted gross income + tax-free interest + **half** of your Social Security.

Single filer	Married filing jointly	Taxable portion
Under $25,000	Under $32,000	0%
$25,000 – $34,000	$32,000 – $44,000	Up to 50%
Over $34,000	Over $44,000	Up to 85%

- “85% taxable” means 85% of the benefit is added to income — **not** that you pay 85% in tax.
- These thresholds were set in 1983 and 1993 and have never been adjusted for inflation.
- Married but filing separately while living together? Up to 85% is taxable regardless of income.
- **California does not tax Social Security benefits.** This is a federal issue only.

Source: IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits. Accessed October 2026.

08 · TAXES

The IRA + Social Security Tax Trap

Married, 67+: $60,000 of Social Security, $50,000 from the IRA — then $10,000 more.

$10,000	$8,500	$18,500
EXTRA IRA WITHDRAWAL	SOCIAL SECURITY NEWLY TAXED	ADDED TO TAXABLE INCOME

	In the 12% bracket	In the 22% bracket
Tax on the extra $10,000	$2,220	$4,070
Real tax rate on that money	**22.2%**	**40.7%**

Why it matters

- RMDs start at 73 or 75 and can’t be switched off.
- Bigger IRAs push more of your benefit into tax.
- Withdrawal order before RMDs can lower lifetime tax.
- The 2025–2028 senior deduction may open a window.

Your Social Security and your IRA are one tax decision, not two.

Talk with your CPA or tax professional before making large IRA withdrawals or conversions.

Illustration only, 2026 federal rules with the standard, age-65 and senior deductions. In this range each $1 withdrawn makes $0.85 of benefits taxable. Source: IRS Publication 915. Accessed October 2026.

The rules really do change

Three times Congress rewrote the deal — two changes that hurt, one that helped.

1983 — Taxation	2015 — Strategies	2025 — Fairness
Benefits became taxable for the first time. FRA raised from 65 to 67. Expanded to 85% in 1993.	File-and-suspend and restricted application eliminated. Passed with almost no notice — couples lost it within months.	WEP and GPO repealed. Benefits raised for public retirees, retroactive to January 2024.

Rules change. Build a plan that expects it, instead of one that assumes today is permanent.

Sources: Social Security Amendments of 1983; Bipartisan Budget Act of 2015; Social Security Fairness Act of 2023. Accessed October 2026.

09 · FAMILIES

Spousal, Survivor, and Divorced-Spouse Benefits

The rules that matter most to married, widowed and divorced households.

Spousal benefits

A spouse can claim up to 50% of the worker's Full Retirement Age benefit.

- The 50% is based on the worker's PIA — not on what the worker actually receives. **If the worker delays to 70, the spousal benefit does not grow.**
- Claiming before your own FRA reduces it — to about 32.5% at age 62.
- The worker must have filed before a spousal benefit can be paid.
- If your own benefit is larger, you receive your own. You don't get both.
- Married at least one year, and generally age 62 or older.

Example: worker's PIA is $2,500 — the spousal maximum is $1,250.

Survivor benefits — the one that matters most

When one spouse dies, the survivor keeps the larger of the two checks — not both.

- A surviving spouse can receive up to 100% of what the deceased was receiving or had earned.
- Survivor benefits can start as early as age 60 (age 50 if disabled) — at a reduced amount. The full benefit requires reaching your own FRA.
- Remarriage before 60 generally ends eligibility. Remarriage at 60 or later does not.
- Unlike spousal benefits, **delayed retirement credits DO carry over to the survivor.**
- Minor children under 18 may also qualify on the record.

> **Household income usually drops by a third or more at the first death.**

Divorced? You may still qualify

You can claim on an ex-spouse's record — and they will never know.

- The marriage must have lasted at least 10 years, and you must be currently unmarried and at least 62.
- If you have been divorced at least two years, your ex does not have to have filed yet.
- Your claim takes nothing away from your ex — or from their current spouse.
- You receive the higher of your own benefit or the ex-spousal benefit, not both. Divorced survivor benefits can be claimed as early as 60.

Sources: SSA, Benefits for Spouses; Survivors Benefits; Benefits for a Divorced Spouse. Accessed October 2026.

10 · CHECK YOUR RECORD

Public Employees, and Your Social Security Statement

Two places where a quick check can be worth real money.

Repealed: WEP and GPO

The Social Security Fairness Act eliminated two provisions that reduced benefits for public-sector retirees.

- The **Windfall Elimination Provision** cut the Social Security benefit of people who also had a pension from non-covered work.
- The **Government Pension Offset** cut or wiped out spousal and survivor benefits for the same group.
- Both were repealed, retroactive to benefits payable for January 2024.
- SSA has paid retroactive lump sums and raised ongoing monthly benefits for affected beneficiaries.
- Affects teachers, firefighters, police, and many city, county and state employees.

> **If you worked for a school district, the city, the county or the state — check your record.**

Source: Social Security Fairness Act of 2023 (Public Law 118-273); SSA, ssa.gov/benefits/retirement/social-security-fairness-act.html. Accessed October 2026.

Your Social Security Statement

Everything is there. Here is what to look for when you open yours at **ssa.gov/myaccount**:

What to look for	Why it matters
1. Your Full Retirement Age	And your monthly estimate at every age from 62 to 70
2. Disability and survivor benefits	What your family would get if something happened
3. Your earnings record	Check every year — errors are common
4. Taxes you have paid	You and your employers, over your whole career

11 · NEXT STEPS

Five Things to Do This Month

Bring your statement to a free one-on-one — we'll run your real numbers.

1. **Log in at ssa.gov/myaccount**
   and check your earnings record, year by year.
2. **Find your FRA and your range**
   Multiply your age-67 benefit × 0.70 at 62 and × 1.24 at 70.
3. **Married? Decide whose check has to last two lifetimes**
   The higher earner's check becomes the survivor's check.
4. **Public employee?**
   Confirm your WEP/GPO increase posted.
5. **Map IRA withdrawals against Social Security**
   Do it before RMDs begin, and talk to your CPA.

Deadlines that don't move

	The window	If it is missed
Medicare	7-month enrollment window around age 65	Part B premium rises 10% for each full year of delay
Social Security	Choose a claim age between 62 and 70	Monthly check is permanently set; hard to undo after 12 months
Required withdrawals	Begin at 73 (75 if born 1960 or later)	25% excise tax on the amount missed (10% if fixed promptly)

Sources: Medicare.gov (Part B late enrollment penalty); SSA, ssa.gov; IRS Pub. 590-B. Confirm current figures before relying on them.

PART 2

Retirement Income for Life

The paycheck has to come from somewhere — and the planning window is shorter than most people think.

IN THIS SECTION

15 The day the paycheck stops

16 Turning savings into a paycheck

17 Tools, taxes and the Roth question

18 Is your old 401(k) an orphan?

RETIREMENT INCOME FOR LIFE · THE GAP

The Day the Paycheck Stops

A worker earning $80,000 who retires at Full Retirement Age

$80,000	$32,000	$48,000
WORKING	**SOCIAL SECURITY**	**THE GAP**
You knew exactly what came in. Direct deposit every two weeks; raises kept pace with costs.	About 40% replacement for a median earner. Inflation-adjusted for life. Taxable above the thresholds.	Has to come from savings, for 25 to 30 years, while keeping up with inflation.

> **Most people spend forty years building a balance and about a week thinking about how to turn it into a paycheck.**

Illustration only. Replacement rates vary with earnings history; Social Security replaces a larger share for lower earners. Source: SSA Replacement Rates, ssa.gov/oact. Accessed October 2026.

The goal: at least two checks you can count on

Start planning now for two or more checks to come in from retirement to replace your paycheck.

CHECK ONE

Social Security — or a pension

Guaranteed, inflation-adjusted, and lasts as long as you do.

CHECK TWO

Built from your 401(k), 403(b) or IRA

Designed to be predictable rather than merely large.

Everything else — growth, legacy, travel money — sits on top of those two. Check two should be as dependable as check one.

What worked in your 30s may not work now

	In your 30s	Approaching retirement
Goal	Grow the balance	Protect your cash flow for life
Risk	Aggressive — time to recover	Matched to the income you need
A bad market	A buying opportunity	Can do permanent damage
Success means	A bigger account balance	A paycheck you can count on
Focus	Saving and contributing	Income, taxes, healthcare, legacy

RETIREMENT INCOME FOR LIFE · YOUR 2ND CHECK

Turning Savings Into a Paycheck

What would your retirement cash flow be today?

$600,000	÷	20	=	$30,000/yr
YOUR TOTAL SAVINGS 401(k) + IRA + other		THE RULE OF THUMB same as a 5% withdrawal		YOUR 2ND PAYCHECK about $2,500 a month

Savings	4% rule (÷25)	5% rule (÷20)	Per month (÷20)
$250,000	$10,000	$12,500	$1,042
$500,000	$20,000	$25,000	$2,083
$750,000	$30,000	$37,500	$3,125
$1,000,000	$40,000	$50,000	$4,167

Rule-of-thumb illustration only; not a guarantee of income. The 4% guideline is drawn from historical studies of 30-year retirements. Sustainable withdrawal rates vary with markets, fees, taxes and longevity.

There is no one way to take income

OPTION 1

Systematic withdrawals

Draw a percentage each year from an invested portfolio. Full flexibility and full market exposure — the amount can vary.

OPTION 2

The bucket approach

Hold a few years of spending in cash and bonds so you never have to sell stocks in a down year.

OPTION 3

Guaranteed income

Convert a portion into a contractual lifetime payment. Predictable, but you give up access to that portion.

Most real plans blend them

The order you draw from IRA, Roth and taxable accounts changes your tax bill. Review the mix every year as markets, taxes and spending change.

Whatever you choose, it has to pass three tests

1	2	3
DON'T RUN OUT Income that lasts as long as you do	COVER YOUR EXPENSES A paycheck that matches what you really spend	KEEP TAXES IN CHECK Draw in a way that limits taxes and Medicare surcharges

Educational illustration only. No specific strategy or product is recommended here. Suitability depends on individual circumstances.

RETIREMENT INCOME FOR LIFE · PROTECT IT

Tools, Taxes and the Roth Question

A paycheck is only as good as its ability to survive a bad market, inflation, taxes and a long life.

Options worth knowing about

Long-Term Care Insurance
Pays for home care, assisted living or nursing care

Hybrid Long-Term Care
Life insurance or annuity with LTC benefits — not lost if you never need care

Fixed Annuities (MYGAs)
CD-like guaranteed rate for a set term, tax-deferred

Fixed Indexed Annuities
Market-linked growth with principal protection

RILAs
More upside than an FIA, with a buffer against a set amount of loss

Income-for-Life Annuities
Your own pension — a paycheck you can't outlive

High-Yield Savings (HYSAs)
Emergency and near-term cash earning a competitive rate

QLACs
Shift part of an IRA to income starting as late as 85 and defer RMDs

Educational overview only; not a recommendation. Annuity and insurance guarantees are backed by the claims-paying ability of the issuing insurer. RILAs can lose value beyond the buffer. Products and availability vary by state.

What if I don't need the money? Is a Roth conversion good?

Age 63, $500,000 IRA, 6% growth.

DON'T CONVERT

$500,000 taxable IRA at 63

- By 90, you cash out $977K
- Taxes paid: $234K
- Left for your kids: $1M
- Kids keep about $750K after taxes

CONVERT AT 63

$380,000 tax-free Roth

- After $120,000 of tax (24%), paid once at 63
- By 90, it has grown to $1.8M
- Kids keep the full $1.8M, tax-free

Don't need the money and want to leave it to your kids? A Roth conversion deserves a serious look.

The danger: IRMAA

A big conversion lifts your income. Medicare premiums look back two years, so income at 63 can raise Part B and D premiums at 65 — more than $6,000 per person for that year (2026 rates). Converting over several years can help.

Hypothetical illustration; not a recommendation or tax advice. Assumes a $500,000 IRA at 63 earning 6%; flat 24% federal rate on the conversion, RMDs (from 75) and heirs; conversion tax paid from the converted amount. Actual rates vary. Sources: IRS Uniform Lifetime Table; Medicare.gov; SSA. Accessed October 2026.

RETIREMENT INCOME FOR LIFE · NEXT STEP

Is Your Old 401(k) an Orphan?

Left behind at a former employer? It may be time to bring it home.

An orphan 401(k) is an account left with a former employer — often forgotten, rarely reviewed, and not part of any plan.

Why roll it over to an IRA?

- **One place to look.** Fewer accounts and statements, less to lose track of.
- **More investment choices** than a typical plan menu.
- **Costs you can see and compare.** Plan fees vs. IRA fees.
- **Easier to build a paycheck.** Flexible withdrawals when you retire.
- **Simpler beneficiaries** and required withdrawals with everything in one place.
- **Tax-free if done directly.** A direct rollover avoids the 60-day deadline and 20% withholding of an indirect one.
- **One plan for the whole picture,** with someone to call.

Compare before you roll

Check fees, investment choices, creditor protection, penalty-free access if you leave your employer at 55 or later, and any company stock. A rollover isn't right for everyone.

Your next step

STEP 1

Hand your new advisor a copy of your old statement

Bring your latest 401(k) or IRA statement to be analyzed: your risk number, fees and costs, a 2008-style stress test, and whether you're diversified.

STEP 2

Take a risk quiz

See whether your portfolio is overly aggressive or too conservative for where you are now — then compare it with what you actually own.

BRING YOUR STATEMENT



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Educational overview only; not tax, legal or investment advice. All investing involves risk, including the possible loss of principal. Sources: IRS Pub. 590-A/590-B; irs.gov.

PART 3

Medicare

Turning 65 — and if you're already on Medicare, whether a change makes sense.

IN THIS SECTION

20 Turning 65: who qualifies and when to enroll

21 Working at 65 and what Medicare costs

22 On Medicare? Ask if a change makes sense

23 Your next steps

MEDICARE · THE BASICS

Who Qualifies and When to Enroll

Federal health insurance for people 65 and older. You enroll through Social Security.

40 credits

PREMIUM-FREE PART A

About 10 years of work. No 40 credits? You may qualify on a spouse's work record.

YOU QUALIFY IF YOU ARE…

- Age 65 or older, and a U.S. citizen or a legal permanent resident for 5+ continuous years
- Under 65 with a disability, after 24 months of SSDI benefits
- Any age with ESRD or ALS

When you can enroll

Window	What it means
Initial Enrollment	The seven months around your 65th birthday: three before, your birthday month, three after.
Special Enrollment	Still covered by an employer plan at 65? You get eight months after that coverage ends to take Part B without penalty.
Annual Enrollment	October 15 to December 7 each year, to change plans for January 1.
Advantage Open Enrollment	January 1 to March 31 — one change allowed if you're already in an Advantage plan.

Sample timeline: turning 65 in June 2027

MAR	APR	MAY	JUN	JUL	AUG	SEP
Earliest you can sign up	Sign up now: coverage starts June 1	Last month for a June 1 start	Birthday month (age 65)	Coverage starts the month after you sign up	Coverage starts the month after you sign up	Last month of your window

The first day of your birthday month is your earliest possible start date. Apply late and you risk a gap in coverage.

Miss the window and the penalty lasts for life

10%

PART B PENALTY

for each full year you go without creditable coverage — for life

1%

PART D PENALTY

of the national base premium for each month missed — also for life

Enrollment is not automatic unless you're already drawing Social Security. Source: Centers for Medicare & Medicaid Services, medicare.gov/basics/get-started-with-medicare; Social Security Administration, ssa.gov/medicare. Accessed October 2026.

MEDICARE · COSTS

Working at 65? What Medicare Costs in 2026

Check who pays first, then know your numbers.

Still have coverage at work?

20+ EMPLOYEES AT YOUR COMPANY

You can choose.

Stay on the company plan — it pays first — and delay Part B with no penalty. Or switch to Medicare if it costs less.

FEWER THAN 20 EMPLOYEES

Medicare pays first.

Enroll in Parts A and B at 65. The company plan pays second, so skipping Part B leaves big gaps.

Compare: monthly premium · deductible · out-of-pocket maximum · prescription drugs · doctors and network · spouse and dependents. When work coverage ends, you have 8 months to sign up for Part B — penalty-free.

Original Medicare (Parts A & B) — what most people pay

$0	$202.90	$1,736	$283
PART A PREMIUM	PART B PREMIUM	PART A DEDUCTIBLE	PART B DEDUCTIBLE
With 40 work credits	Standard monthly	Per benefit period	Per year

After the deductible, you pay **20% of Part B costs — with no cap.** Collecting Social Security? The Part B premium comes out of your check. If not, Medicare bills you every three months.

IRMAA: the high-income surcharge

2026 monthly premium, based on your 2024 tax return.

Single income	Joint income	Part B	Part D add-on
Up to $109,000	Up to $218,000	$202.90	$0
$109K – $137K	$218K – $274K	$284.10	+$14.50
$137K – $171K	$274K – $342K	$405.80	+$37.50
$171K – $205K	$342K – $410K	$527.50	+$60.40
$205K – $500K	$410K – $750K	$649.20	+$83.30
$500K+	$750K+	$689.90	+$91.00

Two-year lookback: a one-time spike — selling property, a Roth conversion — can raise your premium for a year. Income dropped after retiring? You can appeal with form SSA-44.

Source: Centers for Medicare & Medicaid Services, 2026 Medicare Parts A & B Premiums and Deductibles; 2026 IRMAA amounts per CMS/SSA; “Medicare & Other Health Benefits: Your Guide to Who Pays First.” Accessed October 2026.

MEDICARE · ALREADY ON MEDICARE

On Medicare? Ask If a Change Makes Sense

Premiums, drugs and doctor networks change every year — and so might your needs.

Oct 15 – Dec 7
ANNUAL ENROLLMENT
Change your plan for January 1

Jan 1 – Mar 31
ADVANTAGE OPEN ENROLLMENT
One change allowed if you're in an Advantage plan

Jan 1
NEW PLAN YEAR
Premiums, drugs and networks reset

Reasons to have your plan reviewed

- Your doctors or prescriptions have changed
- Part D drug plan costs are rising — shop around
- Medicare Supplement? Get a quote — you may find a lower price
- Your health, budget or address has changed
- You haven't compared plans in years
- You want to know what you'd give up — or gain

Talk before you switch

Moving to a Medicare Supplement later may involve health questions. A licensed agent who offers both roads can tell you whether a change makes sense — and it costs you nothing, because agents are paid by the carriers.

The two roads, side by side

	Medicare Advantage (Part C)	Medicare Supplement (Medigap)
How it works	All-in-one private plan; works like an HMO	Pays the 20% after Medicare pays 80%; works like a PPO
Premium	$0 or low; you pay copays	Rises with age, starting about $160/mo
Doctors	Network; referrals usually needed	Any provider that accepts Medicare; no referrals
Drugs & extras	Drugs usually included; often dental, vision, hearing	Part D drug plan bought separately
Your costs	Yearly out-of-pocket cap — no plan above $9,250 in 2026	Plan G: you pay only the Part B deductible ($283 in 2026)
Best fit	Low premium and extras, doctors in network	Freedom of choice and predictable costs

Carrier availability varies by county and plan year. Source: Centers for Medicare & Medicaid Services, medicare.gov; Medicare Rights Center, 2026 MOOP limit; California Department of Insurance. Accessed October 2026.

MEDICARE · NEXT STEPS

Let’s Talk Before You Decide

Your first plan choice is the only one with no health questions.

TURNING 65 IN THE NEXT 6 MONTHS?

Call now.

Your enrollment window opens 3 months before your birthday month. Miss it and you risk a coverage gap — or a penalty for life.

ALREADY ON MEDICARE?

Review your plan.

Annual Enrollment runs Oct 15 – Dec 7. Premiums, drugs and doctor networks change every January 1. Let’s make sure your plan still fits.

If you’re not 65 yet, do this

1	**Call Alvin 6 months before your 65th birthday.**
2	**If you’ll still be working, ask HR in writing whether your coverage is creditable.**
3	**Watch your income at 63 — it sets your first Medicare premium.**
4	**List your doctors and your prescriptions before you shop.**
5	**Throw away the mail. Call one licensed agent who offers both roads.** Medicare agents are paid by the carriers, not by you. There is no reason to do this alone.

If you’re already on Medicare

Bring your current plan to a free review

Your Medicare card, your list of doctors and prescriptions, and your plan’s latest materials. We’ll compare your options before Annual Enrollment closes on Dec 7.



FREE PLAN REVIEW

Alvin Parra

President, Blue Canyon Wealth · Fiduciary Investment Advisor

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License CA Lic. #0F70455

Free, no-obligation conversation. Not connected with or endorsed by the U.S. government or the federal Medicare program.

PART 4

Living Trust & Estate Planning

Ten minutes on the paperwork that protects everything else.

IN THIS SECTION

25 Why every homeowner needs a living trust
26 What “avoid probate” really means
27 Avoid the costly shortcuts
28 Don’t leave your trust empty

LIVING TRUST & ESTATE PLANNING · WHY IT MATTERS

Why Every Homeowner Needs a Living Trust

Almost everyone has an estate. Most people just haven't added it up.

- Your home — in Southern California, usually the largest piece by far
- Bank accounts, brokerage accounts, savings
- Retirement accounts: 401(k), 403(b), IRA, Roth

- Life insurance death benefits
- Vehicles, business interests, rental property
- Personal property, collections, and anything with a title

If you own a home in California, you almost certainly need a trust.

Every asset has a beneficiary form — except one

Bank account
BENEFICIARY NAMED
You were asked when you opened it

401(k) or IRA
BENEFICIARY NAMED
You were asked when you enrolled

Life insurance
BENEFICIARY NAMED
You were asked on the application

Your home
NOBODY ASKED
You bought a house. Nobody asked who gets it.

A living trust is the beneficiary form for your home

It lets you name who receives your house — and everything else with no beneficiary — so it passes straight to them. Without one, your kids have to go to probate court to get it.

Three paths: nothing, a will, or a trust

No plan	A will only	A living trust
State law decides who inherits	You name heirs and guardians	Avoids probate for funded assets
Court appoints your administrator	You name your executor	Stays completely private
Full probate required	Still goes through probate	Works if you're incapacitated
Court picks guardians for minors	Becomes a public court record	Distributes in weeks, not years
Longest, most expensive path	No help if you're incapacitated	You stay in control while living

A will tells the court what you wanted. A trust keeps you out of court.

LIVING TRUST & ESTATE PLANNING · PROBATE

What “Avoid Probate” Really Means

No trust means no beneficiary on the house — so California’s default plan takes over.

The government’s plan: probate

- A court supervises the transfer of everything you owned.
- Typical California probate runs 12 to 18 months — contested cases go well past two years.
- Statutory fees are set by law and paid out of your estate.
- The entire file is public — anyone can read what you owned and who got it.
- Your heirs generally cannot access or sell the assets until it closes.
- Assets under $208,850 may qualify for a small-estate affidavit instead.

> **Your family deals with this during the worst year of their lives.**

What California probate costs

Statutory fees are a percentage of the **gross** estate — the mortgage is not subtracted.

Estate value	Statutory rate
First $100,000	4%
Next $100,000	3%
Next $800,000	2%
Next $9,000,000	1%

Charged twice — once to the attorney, once to the personal representative.

$23,000	$23,000	$1,500+	$47,500+
ATTORNEY FEE on a $1,000,000 home	**REPRESENTATIVE FEE** on a $1,000,000 home	**COURT, APPRAISAL, PUBLICATION**	**TOTAL** and 12 to 18 months of your family’s time

> **A $900,000 house with a $600,000 mortgage is still a $900,000 estate for fee purposes.**
> A complete living trust costs a small fraction of this — and it’s done this month, not in two years.

Source: California Probate Code §§ 10800–10810 and § 13100. Statutory fees are set by law; representatives may waive their fee. Small-estate limit effective through March 2028. Accessed October 2026.

LIVING TRUST & ESTATE PLANNING · PITFALLS

Avoid the Costly Shortcuts

Don’t add your kids to the deed — and remember a trust is one document out of six.

Don’t fall into the tax trap

Don’t add your kids to the deed unless you must — for a loan, for example. A gift hands them your old tax basis. An inheritance resets it to today’s value.

Example: Mom bought her home for $100,000. It’s worth $1,000,000 today. Her son sells it for $1,000,000.

SON ADDED TO THE DEED

$900,000 taxable gain

- Keeps Mom’s $100,000 basis
- Estimated tax: $200,000+ (federal + California)
- House exposed to his creditors and divorce

INHERITED THROUGH PROBATE

$0 taxable gain

- Basis steps up to $1,000,000
- No capital gains tax
- But he waits up to 2 years in court — and pays about $47,500 in fees — before he can sell

INHERITED THROUGH A TRUST

$0 taxable gain

- Basis steps up to $1,000,000
- No capital gains tax
- House goes to the kids right away — no court, no delay

> **The step-up works with or without a trust — the trust just gets the house to your kids in weeks, not years.**

Source: Internal Revenue Code §§ 1014 and 1015; California Proposition 19 (2020). Tax estimate is hypothetical and depends on income and residence. Consult your tax advisor.

What a complete plan includes

Document	What it does
Revocable Living Trust	Holds title to your assets, avoids probate, and says who gets what and when.
Pour-Over Will	The safety net that sweeps anything you forgot into the trust, and names guardians for minor children.
Durable Power of Attorney	Lets someone you choose handle your finances if you can’t.
Advance Health Care Directive	Names who speaks for you medically, and records your wishes.
HIPAA Authorization	Without it, a hospital may not legally talk to your own family.
Certification of Trust & Deed Transfer	The paperwork that actually moves the house into the trust.

LIVING TRUST & ESTATE PLANNING · NEXT STEPS

Don’t Leave Your Trust Empty

A trust only controls what has actually been put into it.

WHAT PEOPLE DO

- Sign the trust at the attorney’s office
- Put the binder on a shelf
- Never record a new deed on the house
- Never retitle the bank accounts

WHAT HAPPENS

- The house is still in their own name
- That asset goes through probate anyway
- The family pays the statutory fees
- The trust is perfectly valid — and controls nothing

What to do

1. **Record a deed moving the home into the trust**
2. **Retitle bank and brokerage accounts**
3. **Check beneficiaries on retirement accounts and life insurance**
4. **Re-check after any refinance**

> **An unfunded trust is the most expensive piece of paper in the drawer.**

Your next move: protect your family — start this month

IS YOUR ESTATE A LITTLE COMPLICATED?

A business, several rentals, a blended family, or a loved one with special needs? Sit down with an estate planning attorney.

SIMPLE ESTATE — ONE OR TWO HOMES?

EZ Living Trust, the company Alvin founded

- **$800** — do it yourself online
- **$1,200** — in our office with my staff
- Both include notary fees, title processing fees and rush order

LET’S TALK



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Get a trust for yourself — then help your parents and friends get theirs. Educational only; not legal or tax advice. Please consult a qualified attorney regarding estate planning documents.

GO DEEPER

Where to Learn More

Official resources for each topic. Check the agency sites for the latest versions.

Resource	Covers
Understanding the Benefits (05-10024) ssa.gov/pubs/EN-05-10024.pdf	Funding, work credits, retirement, disability, family and survivor benefits, SSI, appeals, Medicare basics (26 pages)
Retirement Benefits (05-10035) ssa.gov/pubs/EN-05-10035.pdf	Eligibility, full/early/delayed retirement, spouse and divorced-spouse benefits, how to apply, earnings test, taxes (18 pages)
Medicare.gov medicare.gov	Who qualifies, enrollment windows, costs, Medigap and Advantage plan basics, how to pay premiums

Your next steps, by topic

Topic	Your next step
Social Security	Check your earnings record at ssa.gov/myaccount, then bring your statement for a filing analysis. No charge and no obligation.
Retirement Income	Bring your 401(k) or IRA statements — including any old, orphaned accounts — for a review, and take the risk quiz.
Medicare	Turning 65 within 6 months? Call before you choose. Already on Medicare? Ask if a change makes sense. Annual Enrollment runs Oct 15 – Dec 7.
Living Trust	Find your trust, look at the deed, and check the beneficiaries on every retirement account.



LET'S RUN YOUR REAL NUMBERS

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