

# The Prosperity Press

A quarterly publication providing you with invaluable information in financial planning, wealth management, taxes and so much more!

## Medicare and Travel



### Learn how Medicare coverage works while traveling in the U.S and Abroad

You've worked hard throughout your career. Now, in retirement, you've set your sights on the next phase of your life. You want to enjoy traveling while you are still physically able to do so. First, however, it is worth reviewing your Medicare coverage before having to deal with an unexpected illness or injury while traveling.

Coverage for the unexpected depends on where you go and what type of Medicare plan you've chosen. Generally, you can pick between Original Medicare (Parts A and B/Medigap Supplemental Coverage) or a Medicare Advantage Plan. These plans have their own pros and cons. However, coverage during travel away from home can have its own nuances.

#### **Original Medicare**

In most cases, if you are traveling within the U.S., Puerto Rico and the U.S. Virgin Islands, you will be covered by Original Medicare with Medigap plan. However, when traveling outside of these borders, including cruise travel, Medicare will generally not pay for medical care unless it is an emergency. For most of the Medigap plans, foreign travel emergency care is covered if it begins during the first 60 days of the foreign trip, and Medicare does not

cover the emergency care.

Typically, a Medigap plan will pay 80% of the costs of emergency care after a \$250 per-year deductible. Furthermore, this foreign-travel emergency coverage includes a lifetime limit of \$50,000.

#### **Medicare Advantage**

Though Medicare Advantage can often cost much less than its cousin, Original Medicare, the Medicare Advantage plans often come with restricted coverages to certain regions of the United States. So even if traveling within the U.S., the insured may not be—except for certain emergency occurrences—eligible for coverage under the plan for which they signed up.

Always review your policy's travel provision to ensure that you know exactly what is and isn't covered. Given the aforementioned restrictions, consider purchasing additional travel insurance. Even then, make sure that this additional travel insurance is not restricted by pre-existing conditions and accidents resulting from "adventurous" activities.

# The Importance of Maintaining Participant Beneficiary Forms



## Retirement Plan Sponsors may be liable if beneficiary assets are improperly distributed.

There have been a number of court cases in recent years concerning the payment of death benefits from qualified 401(k) plans. Often the circumstances leading to these cases could have been avoided if Plan Sponsors were a bit more diligent in procuring and maintaining current Participant Beneficiary Designation Forms. This is an area where sponsors are often too lax considering they may be held liable if assets are improperly distributed.

ERISA law requires spousal consent in order to designate anyone other than a spouse as a beneficiary, so particular care should be taken in updating forms when changes in marital status occur. Since a spouse must consent to the designation of a non-spousal beneficiary, a marriage essentially voids previous standing designations. Courts have affirmed that under a qualified plan, an

agreement made prior to marriage is not considered spousal consent because there is not a spousal relationship at that time, so only after the marriage can proper consent be given to designate a non-spousal beneficiary.

It's also worth noting that, depending on the provisions of your document, a former spouse may be similarly entitled to a deceased participant's benefit if a new designation was not made following a divorce. Some documents may nullify this spousal default if a divorce occurs, but in either event, this is an instance where a new designation form is highly advisable.

Properly executed Beneficiary Forms are required in the event of a participant's death and it's an employer's responsibility to maintain them. The law contains some last-

resort contingencies for when there are no forms on record but a simple and sure way to avoid the unnecessary liability of incomplete distribution documentation is to maintain current forms. If you are uncertain as to whether your Employee Beneficiary Forms are on file and current, periodic reviews are highly recommended.

### **We're All In**

Should you have any questions or comments, we're here for you. If you have questions regarding these designations or just need the current forms, please don't hesitate to contact Mike Riley or Melanie Denk by calling (410) 363-7211.

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Medicare and Travel was originally published on eisneramper.com