Health & Retirement Services of Illinois

Newsletter July 2014

OUR NEWS LETTER

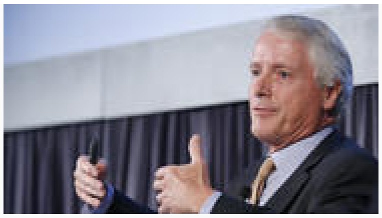
One in 10 Illinois banks not profitable in 1Q

By Becky Yerak Tribune staff reporter May 28, 2014

Nearly 11 percent of the Illinois' banks and thrifts were unprofitable in the first quarter, compared with only 7 percent nationally that didn't make any money, according to a quarterly report issued Wednesday by the Federal Deposit Insurance Corp.

But Illinois banks also showed signs of improvement. As recently as 2012, nearly 16 percent were unprofitable.

They also reported combined net income of $697 million in the first quarter, up 20 percent from the same period a year ago.



- Northern Trust CEO adds to calls for corporate tax reform

- PNC Bank opening a pop-up branch near Grant Park

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The bottom line of Illinois banks compared favorably to those of banks nationally.

Commercial banks and thrifts insured by the FDIC had aggregate net income of $37.2 billion in the first quarter of 2014, down 8 percent from a year earlier. The government agency attributed the drop to a decline in non-interest income, mainly due to reduced mortgage activity and a drop in trading revenue.

Still, despite the cumulative earnings decline, 54 percent of 6,730 U.S. insured institutions reported year-over-year earnings growth. Similarly, 51 percent of Illinois' 539 banks saw their profits climb from the same period a year ago.

"Asset quality continues to improve, loan balances are trending up, fewer institutions are unprofitable, and the number of problem banks continues to decline," FDIC Chaiman Martin Gruenberg said in a statement. But industry revenues have been pressured by modest loan growth and a decline in non-interest income as higher interest rates crimp mortgage activity.

The number of banks on the FDIC's "problem list" dropped from 467 to 411 during the quarter.

8 numbers identity thieves want to steal from you

credit.com *By Adam Levin*

The Star Wars Cantina of cybercriminals targeting your identity, healthcare, finances and privacy today might seem like a movie you've seen so many times you could lip sync the entire thing. Nevertheless, cybercrime and identity-related scams change faster than trending hashtags on Twitter, and the fact is nobody knows what's going to happen next. Who would have thought Apple's iCloud was vulnerable (much less to ransomware)? Or eBay? Data breaches are now the third certainty in life and sooner or later, you will become a victim.

According to the Privacy Rights Clearinghouse Chronology of Data Breaches tracking tool, at least 867,254,692 records were exposed through data breaches between 2005 and May 28, 2014. The Milken Institute says the number of compromised records was more than 1.1 billion between 2004-2012. The Identity Theft Resource Center reported 91,982,172 exposed records in 2013 alone. Frankly, it really doesn't matter who is right. The amount of information out there is simply staggering.

You probably realize that identity thieves are after your email addresses and passwords, but that's not all they want. In particular, each of us is attached to various sets of numbers that, when cobbled together, enable sophisticated identity thieves to get their claws into you. The fraudster doesn't need all your information to complete the problem set. They just need enough to convince others that they are you. Here are eight numbers that they are gunning for.

1. Phone Numbers

You want people to be able to call you; you may even list your phone number on a public-facing site. If you do, bear in mind some companies use your phone number to identify you, at least in part. With caller ID spoofing, it's not hard for a fraudster to make your number appear when they call one of those companies.

2. Dates and ZIPs

Birth, college attendance, employment, when you resided at a particular address, ZIP codes associated with open accounts—these are all numbers that can help a scam artist open the door to your identity by cracks and creaks. Many people put this information on public websites, like personal blogs and social media sites. In the post-privacy era, it is imperative you grasp the concept that less is more. Another tactic worth trying is populating public-facing social media sites with inaccurate information—though you might want to check each site's rules since some sites frown upon the practice.

3. PIN Codes

Card-skimming operations use a device to capture your debit card information while a camera records you as you type in your PIN code, making it very easy for a thief to replicate. Cover your hands and be paranoid, because it's possible someone actually is watching you.

4. Social Security Numbers

Your Social Security number is the skeleton key to your personal finances. There are many places that ask for it but don't actually need it. Be very careful about who gets it and find out how they collect it, store it and protect it. Whenever you're asked for your SSN, always consider whether the request is logical based upon the context of your relationship with them.

5. Bank Account Numbers

Your bank account number is on your checks, which makes a personal check one of the least secure ways to pay for something. Consider using a credit card. You get rewards, buyer protection and less of your information will be out there.

6. IP Addresses

Scammers can use malware and a remote access tool to lock files on your computer and then demand a ransom in exchange for access. A message informing a user that his or her IP address is associated with online criminal activity is a common scare tactic used in ransomware scams. Don't fall for it. While it's not difficult to track an IP address, there are a number of browsers that hide your IP address and associated searches from the bad guys, and there are fixes for ransomware.

7. Driver's License and Passport Numbers

These are critical elements of your personally identifiable information that represent major pieces of your identity puzzle and, once you have the number, these documents can be counterfeited. Countless times each day, millions of personal documents undergo major makeovers and suddenly feature new names, addresses and photographs of fraudsters.

8. Health Insurance Account Numbers

Health insurance fraud is on the rise, and one of the biggest growth areas is identity-related health care crimes. This can jeopardize your life — not just your credit or finances, as the fraudster's medical information can be commingled with yours, precipitating blood type changes, and eliminating certain allergies to meds or presenting new ones. The results can be catastrophic when a course of treatment is prescribed based upon incorrect information in the file.

It's time to become a data security realist. Data breach fatigue is the enemy. Every new compromise and scam is potentially crucial news for you, since it may point to weak spots in your own behaviors and ways that your data hygiene might be putting you at risk. So keep reading articles about new threats to your personal data security, and read every single email alert that you receive—though be careful of the obviously fake emails and always verify directly with the institution.

The smartest thing you can do is to assume the worst. Your personally identifying information is out there, and, in the wrong hands, you're toast—even if you are really on top of things. That said, by monitoring your bank and credit card accounts and the Explanation of Benefits Statements you receive from your health insurers, you'll be in a better position to minimize the damage. Most importantly, read your credit reports. You can do that for free once a year, and use free online credit tools, like those on Credit.com, which updates your information monthly, explains why your credit scores are what they are, and give tips for what you can do to improve your credit standing. But then what?

It is also vital for you to have a damage control program in place once you suspect that you have an identity theft issue. Contact your insurance agent, bank and credit union account rep, or the HR Department where you work to learn if there is a program to help you recover from an identity theft. You may well be surprised that there is and you are already enrolled for free as a perk of your relationship.

While there is no way to avoid cybercrime and identity theft, there is plenty you can do to make sure the damage is minimized and contained, and that no matter what happens, your daily life can go on without too much disruption.

Insurance BUSINESS AMERICA

The biggest myth about cyber insurance

by Caitlin Bronson | Jun 03, 2014

The recent hacking of online merchandiser eBay, which put its 145 million “active buyers” at risk of data breach, has once again ignited the insurance community’s discussion of cyber liability insurance.

But beyond the obvious “headline as sales push” application, experts say the eBay hack has also taught agents and brokers important lessons on what they don’t know about cyber insurance—and what they ought to be passing along to clients.

Cyber insurance’s biggest myth

As chief privacy officer for Identity Theft 911, Eduard Goodman knows exactly what cyber liability insurance covers and what it doesn’t. That’s not something he can say about all producers selling the product.

“The way I look at it, cyber insurance is sort of a poorly named catch-all,” Goodman told Insurance Business. “A lot of what cyber is designed to do is to address old timey, 1990s concerns—and that might as well be Victorian times from the tech standpoint. The market is starting to respond to data breaches, and agents and brokers are driving that, but they’re not selling specialized coverage for specific SMEs.”

And the biggest misconception of all?

“A lot of folks buy cyber and think they’ll be covered for a loss of personal and private data, but then they’re completely out of luck when it comes to having access to money for letters to be sent, lawyers to be hired, and remediation to be conducted,” he said. “One of the big, gaping holes is that cyber policies are not built or equipped to deal with more common risks, which is actual personal data exposure.”

That’s where producers can point clients to breach response specialists, like ID Theft 911. These services hire experts to cater to the immediate aftermath of all data breaches, ensuring clients are in line with state and federal policies regarding data breaches.

Password protection tips are key

Producers should also pass on tips for password safety, says Jean Chatzky, a personal finance expert and education partner with LifeLock.

Many consumers—like those victimized during the eBay hack—fail to create strong passwords and then change their passwords every four months. A strong password contains eight characters, including capital and small letters, numbers and symbols, Chatzky says. Together, they should not make out a word commonly found in the dictionary.

“My shortcut trick is to come up with a sentence that means something to you,” Chatzky said. “Take the first letter of each word in that sentence and substitute a letter or symbol where appropriate—for example 1 for ‘I.’”

What’s at stake

Producers who fail to learn about cyber insurance and pass along these tips are not only missing out on a potential revenue stream, they may also stand liable in court.

As for their clients, Chatzky says people involved in a data breach are affected financially one-quarter of the time.

“The most benign thing that happens is someone uses your credit card to make a purchase, your company notices, calls you and changes the card,” she said. “The most egregious is they use other information about you to create another version of you and apply for a tax refund or a loan in your name. That becomes very difficult to unwind.”

Simple Tests for Heart Attack Risk Could Save Lives and Money

By Lisa Collier Cool Jun 02, 2014

Day in Health

Thousands of heart attacks and strokes could be prevented—and millions of dollars in healthcare costs saved—if doctors used a new, more accurate screening strategy to identify at-risk patients, according to new research presented at the International Society of PharmacoEconomics and Outcomes Research (ISPOR) Annual Meeting in Quebec.

The study was the first to analyze clinical and financial outcomes of adding a multimarker blood test to standard cholesterol testing. The new test checks a sample of the patient's blood for three inflammatory biomarkers that may signal future heart attack and stroke risk. Each biomarker test costs $20 to $50.

Researchers from Cleveland HeartLab (CHL) and economists from Analysis Group calculated that if a commercially insured U.S. health plan with one million members adopted this approach, 2,018 heart attacks and 1,848 strokes could potentially be avoided, resulting in $180.6 million in cost savings over five years, compared to outcomes if standard screening methods were used.

A More Accurate Way to Detect Heart Attack Risk

Improved strategies to detect hidden cardiovascular disease (CVD) are urgently needed, given that for 30 percent of people with CVD, the first symptom is death—often from a heart attack or stroke, says lead study author Marc Penn, MD, PhD, FACC, director of research at Summa Cardiovascular Institute and chief medical officer of CHL.

"Adding routine inflammatory testing to standard cholesterol takes prevention to the next level at very low cost, with a potentially enormous saving in both money and lives," says Dr. Penn. This combined screening approach is known as multimarker testing.

Multimarker testing detects 37 to 43 percent more at-risk patients than would have been identified through checking levels of LDL (bad) cholesterol alone, a 2013 study by Dr. Penn and MDVIP, a physician group specializing is personalized medicine, found. The research, which included more than 95,000 patients, was published in *Future Cardiology*.

Are Your Arteries on Fire?

"Inflammation testing is like a fire alarm to warn of cardiovascular danger," says Bradley Bale, MD, medical director of the heart health program for Grace Clinic in Lubbock, Texas and coauthor of *Beat the Heart Attack Gene.* "With these tests, we can find out if seemingly healthy patients are actually at high risk for heart attack or stroke."

For example, adds Dr. Bale, "We have a patient who is in such superb physical condition that we've nicknamed him Superman. He only consulted us because his wife talked him into getting checked, but inflammatory testing revealed that his arteries were on fire—and ultrasound imaging found huge plaque deposits."

These findings "were the cardiovascular equivalent of kryptonite in Superman's arteries," continues Dr. Bale, who routinely uses inflammatory testing in his medical practice.

Warning Signs of an Impending Heart Attack

In a new paper, Dr. Bale reports that inflammatory testing—along with imaging—are key reasons why medical providers can actually guarantee arterial wellness.

The inflammatory tests used in the study check levels of these three biomarkers:

- **Myeloperoxidase (MPO).** This immune system enzyme is normally only found at the site of an infection. Having elevated levels in the blood was the single strongest predictor of heart attack risk in the 2013 CHL/MDVIP study discussed above. "High MPO signals a high likelihood of vulnerable plaque [the most dangerous kind] in the arteries," says Dr. Penn.

- **Lp-PLA2.** This blood vessel enzyme, found to be the second most predictive of heart attack risk in the CHL/MDVIP study if elevated, also warns of vulnerable plaque that could erupt like a volcano, says Dr. Bale. "Lp-PLA2 has also been shown in a recent study to be a direct player in the atherosclerotic disease process."

- **High-sensitivity C-reactive protein (hsCRP).** This protein, produced in the liver, rises when there's inflammation in the body. "In one large study, high levels of hsCRP were linked to triple the risk of heart attacks, compared to people with normal levels," says Dr. Bale, who also points that a number of other conditions, including infections and inflammatory diseases.

50 Percent of Heart Attack Sufferers Have Normal Cholesterol

"Traditionally, doctors have focused on identifying and treating people with high cholesterol, but in 2014, this strategy is not sufficient because about 50 percent of people who have heart attacks or strokes have normal cholesterol levels," reports Dr. Penn. "Inflammation testing can improve outcomes by identifying people with previously unsuspected risk."

"Being able to tell which patients' arteries are on fire—and prescribe appropriate treatments, which can include weight loss, more exercise, improved diets and medications—is key to saving lives, by taking early action to prevent heart attacks and strokes," says Dr. Bale.

Currently, Medicare covers all three tests, but coverage varies among other plans.

"Every insurance plan should pay for these tests because arterial inflammation has been shown to actually cause cardiovascular disease—and ignite heart attacks. This study is exciting because it suggests that inexpensive tests can lead to huge cost savings," adds Dr. Bale.

CBO throws in the towel on scoring ObamaCare

By Elise Viebeck - 06/04/14

Congressional budget scorekeepers said they can no longer measure the fiscal impact of many provisions of ObamaCare because the task is impossible.

In a little-noticed footnote from April, the Congressional Budget Office (CBO) said it will continue to assess the effects of the law's exchange subsidies and the Medicaid expansion, while not tracking others.

"The provisions that expand insurance coverage established entirely new programs or components of programs that can be isolated and reassessed," the office wrote.

"In contrast, other provisions of the Affordable Care Act significantly modified existing federal programs and made changes to the Internal Revenue Code.

"Isolating the incremental effects of those provisions on previously existing programs and revenues four years after enactment of the Affordable Care Act is not possible."

The note came in the CBO's analysis of ObamaCare's insurance coverage provisions in April and was first **reported** Wednesday by *Roll Call*.

It means that measuring the healthcare law's effect on the budget deficit will be much more difficult, if not impossible. The CBO is normally the best source of information on bills' projected fiscal effects.

Democrats designed the Affordable Care Act to reduce the deficit despite its massive expansion of healthcare coverage by producing savings over time in programs like Medicare.

The law also includes a variety of taxes and fees to raise revenue, some of which the CBO suggested it could no longer analyze.

The CBO produced a full budgetary analysis of the law for the last time in 2012, concluding that repealing the Affordable Care Act would increase the deficit by $109 billion over 10 years.

This outcome relies on the full implementation and maintenance of policies like the employer mandate, which Republicans and business groups have fought to repeal.

Experts raised concerns that without a full CBO score, it will be easier for provisions that finance the Affordable Care Act to disappear, which could increase the deficit.

"There’s no barrier to continually rolling back the financing mechanisms without the effect on the Affordable Care Act's finances ever being fully disclosed," Charles Blahous, a public trustee for Social Security and Medicare, told *Roll Call.*

Obama Admin To Spend Another $60 Million On Obamacare Navigators

Sarah Hurtubis 06/10/2014

The Obama administration will spend another $60 million on Obamacare navigators during the 2015 enrollment period, the Centers for Medicare and Medicaid Services (CMS) announced Tuesday.

“Navigators have been an important resource for the millions of Americans who enrolled in coverage in 2014,” CMS chief Marilyn Tavenner said in a statement. “This funding ensures this work will continue next year, including during the open enrollment period for the Marketplaces.”

The federal government spent $67 million on grants to organizations supporting navigators during the first enrollment period, which saw 8 million Americans apply for coverage.

Obamacare navigators are non-government employees who help potential customers go through the process of signing up for health-care coverage. A list of controversial organizations have served as Obamacare navigators during the first enrollment period, including Planned Parenthood.

One California company, the East Los Angeles Community Union — which received $980,000 from California’s Obamacare exchange to provide navigator services — reportedly offered several San Bernadino city councilors a bribe several years earlier. On top of questions about the organizations receiving grants to train workers and run navigator programs, some have concerns about the navigators themselves. The workers are given a high level of access to personal information of any applicants they help, sparking concerns in some states that do not require a high level of background checks to get the job.

The security of personal data has become a significant concern as many Obamacare applicants may need to seek assistance from multiple sources, from navigators to call centers.

National Review Online reported in February that a convicted terrorist had worked as an Obamacare navigator in Chicago last year, after lying on immigration papers and gaining citizenship. The woman, Rasmieh Yousef Odeh, used up to nine aliases and her

background was not revealed in her background check. (RELATED: Convicted terrorist who blew up Israeli students was once hired as Obamacare navigator)
The Affordable Care Act itself does not require states to perform background checks on navigators, but Tavenner "encouraged" applicants for this year's federal navigator grants to perform background checks on workers who will be dealing with customer information.

The Best Detox-y Broccoli Dishes

Rachel Tepper Associate Food Editor Jun 19, 2014

Photo credit: Eising Studio/StockFood

It seems each day brings another scientific study telling you to eat this, not that—and the reverse three days later—but a new study published in the journal "Cancer Prevention Research" has officially caught our attention.

Researchers found that subjects who each day slurped down a drink made with broccoli sprouts—two to three-day-old broccoli seedlings—were more likely than the placebo group to, ahem, filter out high levels of the harmful chemicals benzene and acrolein. (Benzene is associated with pollution, and both benzene and acrolein can be found in cigarette smoke.)

But these weren't run-of-the-mill subjects. The clinical trial examined about 300 Chinese adults who lived in a rural farming community in Jiangsu Province, which has very high levels of pollution.

"Air pollution is a complex and pervasive public health problem," said Johns Hopkins University professor John Groopman, one of the study's co-authors, according to a press release. "[We] need to translate our basic science into strategies to protect individuals from these exposures. This study supports the development of food-based strategies as part of this overall prevention effort."

The researchers still have lingering questions—what's the recommended dose of broccoli sprouts? How frequently should subjects drink it? Is the drink's effectiveness long-lasting?—but the current findings are encouraging.

What you don't know about Social Security-but should

A look at claiming strategies, tax angles and more to help you make sense of a complicated program.

THE WALL STREET JOURNAL.

By Glenn Ruffenach June 23, 2014

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Imagine that you're about to accept a new job, and it's time to talk salary. You sit down with your boss, who begins as follows:

"Actually, our payroll system is impossibly complicated. You can pick from dozens of different ways to be paid and hundreds of different start dates, and each will produce a different salary. We offer some guidance, but we're short-handed. As such, deciding when and how to collect a paycheck is essentially up to you.

"So…what would you like to do?"

Welcome to Social Security.

Each day, thousands of Americans apply for the first time for Social Security benefits. And each day—if questions from our readers and the stories we hear from financial advisers are any indication—many applicants have no idea what they're getting into. They know little or nothing about the program's complexity, the myriad ways to collect benefits and the Social Security Administration's staffing and service problems.

As such, they're putting their retirement—and, in many cases, their spouses' future—at risk.

"People spend more time planning a vacation than they do planning for 20 or 30 years of Social Security benefits," says Barry Kaplan, chief investment officer for Cambridge Wealth Counsel in Atlanta. Those benefits, he notes, are insurance against market downturns, hyperinflation and living longer than you anticipate. But would-be beneficiaries, he says, typically "go into this without a clue."

If you and/or your spouse are weighing your options about Social Security, here's a look at some of the biggest issues—involving both the agency and the benefits program—that could shape your retirement for better or worse.

The Social Security Administration isn't your financial adviser.

A fair amount of the mail we receive from readers with questions or complaints about Social Security goes something like this: "My Social Security office never told me about…." About a particular strategy for claiming benefits. About a little-known rule. About the consequences of starting one's payouts at a particular point in time.

No, the Social Security Administration isn't perfect. (More about this in a moment.)

But its primary job is delivering a service, paying 59 million beneficiaries, and not financial planning. The agency provides loads of information about benefits on its website and does its best to answer the public's questions in its field offices and by telephone. But a comprehensive talk about the nuances of Social Security and your financial future? That's not going to happen.

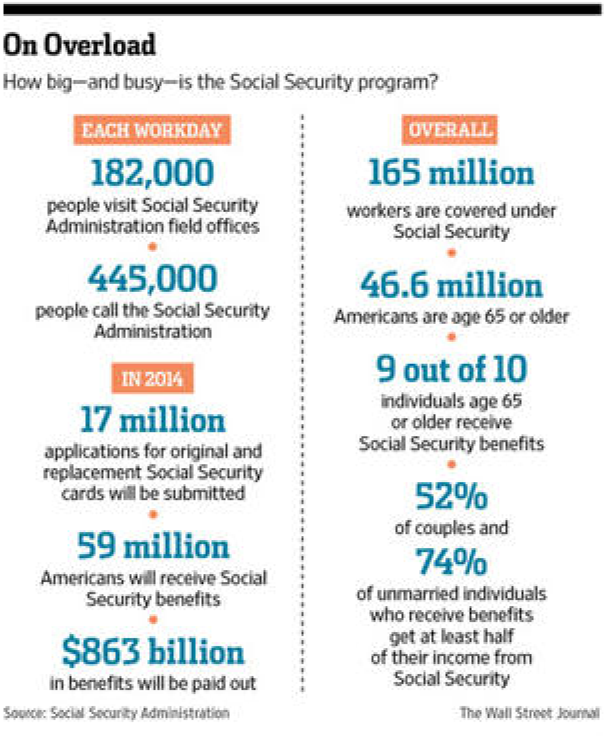
Indeed, the Social Security Administration doesn't know about—and it isn't the agency's job to know about—your household budget, your health, your savings, life insurance, plans you might have to work in retirement. In short, all the variables that should go into a decision about filing for benefits, says Mr. Kaplan in Atlanta.

So, the onus is on you to learn about, or find help in deciphering, the basics: how benefits work, claiming strategies, possible pitfalls. And if you're hellbent, for instance, on grabbing a payout at age 62 (the earliest possible date for most people) and locking yourself—and perhaps your spouse—into a permanent reduction in benefits, the agency isn't going to stop you.

The Social Security Administration is stretched increasingly thin at the worst possible time.

In March, Carolyn Colvin, the agency's acting commissioner, didn't mince words in a report tied to President Barack Obama's request for additional funding for the Social Security Administration.

"Our service and stewardship efforts [have] deteriorated," she said. "In fiscal year 2013, the public had to wait longer for a decision on their disability claim, to talk to a representative on our national 800 number, and to schedule an appointment in our field offices."



WSJ

The agency, in short, is overextended. In the past three years, it has lost 11,000 employees, or about 12% of its workforce; by 2022, about 60% of its supervisors will be eligible to retire. Meanwhile, budget cuts have resulted in the consolidation of 44 field offices, the closing of 503 contact stations (mobile service facilities) and a delay in plans to open eight hearing offices (where appeals about agency decisions involving retirement and disability benefits are heard) and one call center.

And that 800 number? According to a report in December from the agency's inspector general, wait times in 2013 exceeded 10 minutes, an increase of more than five minutes from 2012.

The point: The Social Security Administration is grappling with its own problems just as the baby-boom generation, with about 75 million members, is moving full speed into retirement. (The oldest boomers are turning 68 this year.) The demands on the agency mean that you might not be able to find, or find in a timely fashion, the information or help you need. That said…

More services outside Social Security are offering more help.

The Social Security Administration is the first to acknowledge that benefits are complicated. The opening paragraphs of the agency's "Social Security Handbook," a guide to the benefits program, state plainly: "The Social Security programs are so complex it is impossible to include information [in the handbook] about every topic."

Fortunately, a growing number of tools and services—some free, others for a cost—are available to help people navigate these waters.

In recent years, AARP, the Washington-based advocacy group for older Americans, and T. Rowe Price Group Inc., the Baltimore-based mutual-fund company, have introduced sophisticated online calculators that help users determine how and when to claim benefits. Both are free. (The Social

Security Administration has several calculators, also free, that can help determine the size of your benefits, but not necessarily when to claim them for maximum effect.)

Among the services that charge a fee: MaximizeMySocialSecurity.com, from Economic Security Planning Inc.; SocialSecurityChoices.com, from SocSec Analytics LLC; and SocialSecuritySolutions.com, all started by academics. Our review of several Social Security tools last fall singled out Social Security Solutions for its ease of use and Maximize My Social Security for its flexibility.

Finally, check out weekly columns at the Public Broadcasting Service website from Laurence Kotlikoff, an economics professor at Boston University and the developer of Maximize My Social Security. The articles, published each Monday, address a wide range of issues about Social Security (including numerous "secrets" and "gotchas") and answer questions about benefits. In short, invaluable reading.

The earnings test deters people from working in retirement—and shouldn't.

Social Security's earnings test, in which benefits are reduced if a person is collecting benefits and income at the same time, generates numerous questions and much confusion. But the apparent penalties aren't what they seem.

If you are under your full retirement age when you first receive Social Security benefits and if you have earned income, $1 in benefits will be deducted for each $2 you earn above an annual limit. In 2014, that limit is $15,480. In the year you reach your full retirement age, the penalty shrinks; after you reach full retirement age, the deductions end completely.

The good news: Money lost to the earnings test isn't really lost. Once you reach full retirement age, Social Security recalculates—and increases—your future benefits to account for any dollars withheld.

Most beneficiaries, though, aren't aware of that; as such, they typically "work up to the [annual] limit—and stop," says Andrew Biggs, a resident scholar at the American Enterprise Institute and former deputy commissioner at the Social Security Administration.

The earnings test, Mr. Biggs says, "should not be a disincentive to work." Rather, "think of the test as delaying benefits until later in retirement," he says. "Over your lifetime, your total benefits will come out the same."

Spouses, at a minimum, should be aware of three claiming strategies.

Couples have a tremendous amount of flexibility in how they can claim benefits.

But the options can quickly become overwhelming, which prompts many spouses to default to the easiest choice: grabbing a payout at age 62.

Before you do that, consider these three claiming strategies. Many couples aren't aware of these options or don't think they can benefit from them. Do yourself a favor: Run the numbers. (Fidelity Investments recently did a nice job of explaining these and other claiming strategies.)

Maximize survivor benefits: If you claim benefits before your full retirement age, you could be locking your spouse into a low survivor benefit when you die. The longer you wait to claim, the larger the survivor benefits.

Claim and suspend: Once you reach full retirement age, you can claim your benefit and then suspend it. (In other words, you stop payments before they begin.) This allows for two things: Your spouse, if he or she is 62 or older, can begin collecting spousal benefits from Social Security. (This assumes that the spousal benefit is larger than the spouse's own retirement benefit. More on this in a moment.) Second, your own benefit, when you eventually claim it, will have increased in size. (Thanks to "delayed retirement credits.")

Claim a spousal benefit, then later claim your own benefit: At full retirement age—if you are eligible for a spousal benefit and your own retirement benefit—you have the option of claiming just the spousal benefit. At a future point in time, you can then jump to your own benefit, which will have increased in size.

And speaking of spousal benefits…

"Deemed filing" can box you in.

It's a frequent question: A husband who is already collecting Social Security (or weighing the claim-and-suspend strategy) asks if his wife can take just a spousal benefit at age 62—and then switch to a (presumably larger) benefit based on her earnings record in the future.

The answer: Nope.

If the wife, in this case, applies for benefits before her full retirement age, she is "deemed"—in the eyes of the Social Security Administration—to have filed for both benefits: the benefit based on her work record and a spousal benefit.

She will receive the higher of the two figures, but she will be locked into that reduced benefit going forward. (Reduced because she is claiming benefits before full retirement age.)

Again, as discussed above, if the wife waits until her full retirement age to file for benefits, she would have a choice: She could apply for just a spousal benefit. Then, a few years down the road, she could switch to a payout based on her earnings history.

William Meyer, founder of SocialSecuritySolutions.com, says the "deemed filing" rule trips up innumerable applicants. "We hear about it all the time," he says.

The lesson is clear and critical: Claim benefits before full retirement age, and your options are limited; claim benefits after full retirement age, and you have more flexibility—and bigger payouts.

Divorced spouses and survivors don't know what they don't know.

Ask almost any financial adviser about Social Security slip-ups, and stories about ex-spouses, widows and widowers come tumbling out.

Mr. Kaplan in Atlanta recalls a woman—age 67, divorced and still working—who walked into his office and simply had no idea that she could have been collecting benefits for the previous five years based on her former husband's earnings.

Prof. Kotlikoff at Boston University tells the story of a friend who had lost his wife and was convinced that he couldn't claim Social Security checks as a survivor.

"He told me, 'I made more [money] than she did,' " Prof. Kotlikoff says. "And based on that, he thought, incorrectly, that he wasn't eligible for a survivor benefit. People just don't know about this stuff."

The point: Always err on the side of telling Social Security about your family circumstances and/or a change in those circumstances.

"Tell them about ex-spouses, tell them if you've lost a spouse, tell them if you have kids," Prof. Kotlikoff says. (A surviving spouse with children could be eligible for additional benefits.)

"If you don't tell them, they won't know. It's that simple."

Delaying Social Security doesn't just result in a bigger benefit; it also can make good tax sense.

You may have heard the advice countless times: Minimize (or avoid) withdrawals from your nest egg (401(k), individual retirement accounts, etc.) for as long as possible to take advantage of tax-deferred growth. Many investors who follow that advice grab Social Security benefits, typically at age 62, to help pay the bills.

But that advice ignores the possible tax benefits associated with following the opposite course: accelerating withdrawals from savings early in retirement so that you can hold off on claiming Social Security.

The thinking here is tied to the fact that Social Security benefits are taxable. As much as 85% of a married couple's benefits are subject to tax when their income exceeds $44,000 ($34,000 for individuals); as much as 50% of benefits are taxable at lower income levels.

If you delay claiming Social Security and, as a result, end up with larger benefits, future withdrawals from savings will likely be smaller—a recipe for lower levels of taxable income. (For a detailed discussion of these tax issues, see "Innovative Strategies to Help Maximize Social Security Benefits," from James Mahaney, vice president at Prudential Financial Inc.)

"Many retirees don't consider the impact of their withdrawal strategy on how their Social Security is taxed," says Mr. Meyer, the SocialSecuritySolutions.com founder. "Missteps in tapping the wrong account and investments to generate income can significantly increase your taxes."

Report: Health plans cheaper on exchanges

By Ferdous Al-Faruque - 06/06/14

Four major healthcare companies offer plans separate from ObamaCare marketplaces that are more costly than similar plans on the exchanges, according to a study released this week.

HealthPocket, a consumer research group, compared off-exchange plans based on premium prices offered by United Healthcare, Aetna, Cigna, and Assurant to similar bronze, silver, and gold plans sold through the exchanges and found the off-exchange plans average 40 percent more expensive.

The battle over premium prices in the federal and state exchanges is already heating up as states begin to release premium costs over the summer.

As the midterm elections roll around, Republicans have warned costs are bound to balloon by double-digit percentages, but Democrats have fought back saying the issue is baseless and overblown.

A major point in the debate has been how to compare future premium prices with past costs. Earlier this week the Commonwealth Fund released a report that found premium prices were rising 10 percent annually before ObamaCare went into effect.

During the first round of enrollments, insurers such as United and Aetna were among companies that sold individual health insurance plans in several states without participating in the federal and state exchanges.

After enrollment numbers for the government exchanges spiked, many of these insurers are planning to join the marketplaces for the upcoming November enrollment period.

“This suggests that if these carriers entered new exchanges in 2015, then they would not usually be competitive with the cheapest on-exchange plans unless they substantially lowered their current premiums,” the HealthPocket report said.

The researchers say because of the price transparency offered through the federal and state exchanges, insurers may have dropped their premium prices substantially to show they are cheaper than off-exchange plans.

“While there are web sites such as HealthPocket that compare both on-exchange and off-exchange premiums together, off-exchange insurance companies may have believed there would be lesser consumer awareness of these sites,” added the report.

The report also notes it may be that off-exchange insurance plans offer lower deductibles and co-insurance compared to the on-exchange plans, which may be more important for some consumers.

Illinois' campaign to promote Obamacare among nation's costliest

CARLA K. JOHNSON, AP Medical Writer Thu, 06/12/2014

President Barack Obama's home state agreed to spend $33 million in federal money promoting his health care law, hiring a high-priced public relations firm for work that initially was mocked and spending far more per enrollee on television ads than any other large state.

After getting a late start and facing intense pressure to avoid more embarrassment for the much-maligned law, Illinois officials last summer inked the most lavish contract in the history of FleishmanHillard's Chicago office. The goal was getting uninsured residents to sign up for coverage.

More than 90 people, including executives from the firm and its subcontractors, billed at least $270 an hour for salary and overhead during the first four months.

The hourly amount far exceeded the contracts other states signed for similar work. Colorado paid its ad agency $120 per hour, for example. In Connecticut, a similar contract had rates topping out at $175 an hour.

The Associated Press, using open records requests, obtained hundreds of pages of contracts, bills, plans and heavily redacted emails between the marketing team and state officials. Together, they raise questions about whether the state did enough to keep federal taxpayer costs under control.

The hourly rates are "absolutely excessive," said Illinois Rep. Darlene Senger, a Naperville Republican who is running for Congress.

"That is more than you would pay a top surgeon," Senger said. "They knew this had to be done years in advance, and they did everything last minute."

The results were mixed for "Get Covered Illinois," which the campaign was named after focus groups rejected the PR firm's early proposal of "Wellinois" as too cheesy. More than 217,000 new enrollees signed up, meeting the cautious a federal target but lagging far behind the state's own goal of 337,000, according to an internal document obtained by the AP.

Failing at a state-run insurance exchange embraced by several other progressive states, Illinois officials had belatedly formed a partnership with the federal government by the spring of 2013. Up against the wall and with a generous federal grant, officials in the cash-strapped state constructed the deluxe contract to sell the idea of what pro-Republican political ads were attacking as "Obamacare."

"It seems like it was a heavily front-loaded effort and it was. It was all hands on deck," said FleishmanHillard senior partner Jack Modzelewski, arguing Illinois got good value for the price, despite the late start.

Jerry Swerling, director of public relations studies at the University of California's Annenberg School for Communication and Journalism, said it wasn't surprising that the spending escalated — especially with the technical problems of the federal HealthCare.gov website.

"You have responsibility for a hugely controversial program that's become a political hot button," said Swerling, who wasn't involved in the contract. "You're now charged with getting people to enroll in a system, the highest profile element of which is frozen. How do you instill confidence and credibility when the system isn't working?"

Paying the best rates encourages work by high-level professionals, said Jose Munoz, the state's chief marketing officer for the campaign. A task-based contract, on the other hand, yields work by junior level staff to increase the profit margin for the agency. "You end up having shoddy work," Munoz said. "At the end of the day, it comes down to managing the vendor."

The AP analysis of the first $9.6 million spent on the "Get Covered Illinois" campaign — the first four months of the 12-month, $33 million contract — is a limited snapshot. State officials are still dissecting the billing for December through March.

The documents reviewed by AP show:

— Of the top five bidders for the work, the FH contract included the highest hourly rates, ranging from $158 to $282 per hour, plus a 2.85 percent commission for placing ads. That commission was the lowest among the top bidders, but it represented less than 2 percent of the contract amount.

In comparison, a state contract with ad agency J. Walter Thompson to promote Illinois as a tourist destination pays at one blended hourly rate of $165, with no commission for ad placements.

— The FH contract also lacked standard curbs found in other states' contracts for promoting the health law. In Minnesota, the ad agency BBDO Proximity's contract has no hourly rates. Instead, the contract is task-based with payments specified and paid only when the work is delivered and accepted by the state.

— Illinois, the third-largest state to conduct a campaign promoting the law, spent $37 per enrollee on television ads — one of the highest rates in the nation. That's nearly double California's $19 per enrollee and nearly quadruple New York's $10, according to an AP analysis using data from nonpartisan Kantar Media CMAG.

— The branding research was costly and fraught with delays. After the focus groups rejected "Wellinois," the firm recommended "HealthIllinois," but state officials sent the agency back to the drawing board.

The resulting "Get Covered Illinois" name, unveiled less than a week before the marketplace launch, was untested by focus groups. It was very similar to "Covered California," which that state selected a full year earlier.

Illinois officials predict costs will come in under the $33 million ceiling when the contract ends in August. They point out $7 million worth of PSAs and other media promotions that cost taxpayers nothing. They say they're scrutinizing invoices and have kicked some back to FleishmanHillard for adjustments.

"We're making sure there are legitimate justifications for every expense," said Jennifer Koehler, an attorney and the state's top official for Get Covered Illinois. "The federal government has been very generous to Illinois, but we want to make sure we're getting the absolute best value for the taxpayers."