

# The ViewsLetter

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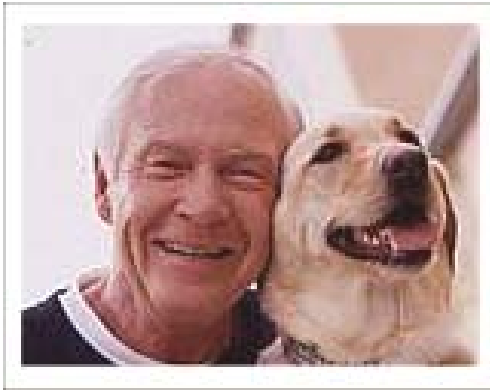
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## Social Security for the Retiree

With retiree health benefit programs sponsored by large employers declining over thirteen percent between 1991 and 1998, it is important that workers take the time to review their retirement options as they relate to social security benefits. The decisions workers make today not only affect their current social security benefits but also their future benefits.



The Social Security Amendments of 1983 outlined several changes to the original Social Security Act of 1935. Among those changes were:

- ◆ *Full retirement age increases*
- ◆ *Delayed retirement credit increases*

### FULL RETIREMENT

The original Social Security Act of 1935 dictated full retirement at age 65. According to the Social Security Amendments of 1983, there will be an increase in the full retirement age beginning with those workers born in 1938. As of January 1, 2000, the retirement age for social security increased for approximately 150 million Americans (see "When Will You Reach Full Retirement?" chart). Although age 62 will remain the earliest age at which a worker can retire and collect reduced Social Security benefits, the age at which an individual can collect full retirement ben-

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## About the ViewsLetter

We welcome you to the first quarterly issue in Volume 3 of the McGraw Wentworth ViewsLetter. It is our mission to be the leader in the employee group benefits brokerage and consulting industry.

We have established the ViewsLetter as an integral part of our commitment to keep you informed of benefit trends, legislative

and marketplace developments that may affect your group benefit programs.

We welcome your comments and suggestions regarding the ViewsLetter. You can pass your comments directly to your McGraw Wentworth Account Director or Account Manager, or you can reach us at [www.mcgrawwentworth.com](http://www.mcgrawwentworth.com).



Reach us on the web at the McGraw Wentworth web site. Check it out at [www.mcgrawwentworth.com](http://www.mcgrawwentworth.com). Additional copies of the ViewsLetter are available in the MW Xchange on our website.

# Social Security, cont.

## When Will You Reach Full Retirement?

Year of Birth	Full Retirement Age	Year of Birth	Full Retirement Age
1937 or earlier	65	1955	66 + 2 months
1938	65 + 2 months	1956	66 + 4 months
1939	65 + 4 months	1957	66 + 6 months
1940	65 + 6 months	1958	66 + 8 months
1941	65 + 8 months	1959	66 + 10 months
1942	65 + 10 months	1960 and later	67
1943-1954	66		

Benefits will increase over the next 22 years from age 65 to age 67.

As we enter this new millennium, we find that those born in 1938 will be reaching retirement age this year. The new full retirement age for those born in 1938 (age 62 in the Year 2000) is 65 and two months. The age increases in 2-month increments for those born between 1939 and 1943. Once retirement age reaches 66, it will remain there for workers born through 1954. Those born

after 1954 will have age increases in 2-month increments until the age of 67 is reached (those born in 1960 or later) by the year 2007.

### DELAYED RETIREMENT CREDIT

A delayed retirement credit is a benefit increase for those working later than normal retirement. Currently, workers born in 1938 receive a 6.5% credit for delaying retirement past normal retire-

ment age. This credit will increase to 8% for those born in 1943 or later. (see "Credits for Delayed Retirement" chart).

## Benefits for Part-Timers

Due to a very tight labor market and a growing part time workforce, employers are realizing the importance of recruiting and retaining part-time employees. Many job candidates want to spend less time at work and more time doing other things, such as spending time with their families.

Today's part-time workforce is filled with highly educated, talented people. Employers are faced with extreme competitiveness in attracting this growing population of the workforce. In order to catch the attention of part-timers, employers are beginning to offer a variety of benefits to part-time employees.

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### Credits for Delayed Retirement

Year of Birth	Rate of Increase (%)
1930	4.5
1931-32	5
1933-34	5.5
1935-36	6
1937-38	6.5
1939-40	7
1941-42	7.5
1943 or later	8

## YOUR QUESTIONS

**Q.** How can our employees provide health insurance for their children when they cannot afford the premiums?

**A.** There is a joint federal-state program available in some states called Children's Health Insurance Program. This program is designed to provide coverage for children whose parents cannot afford insurance but make too much to qualify for welfare. Benefits and eligibility income requirements vary by state. In Michigan the program is called MI Child.

To obtain more information about the MI Child program or programs in other states, call 1-877-KIDS-NOW or 1-877-543-7669.

## Social Security, cont.

According to a survey of 350 large U.S. companies conducted by Hewitt Associates, LLC, employers are starting to invest in improved benefit programs such as health and dental, paid time off, and disability benefit programs for

their part-time employees.

One of the most important benefit improvements for part-timers is paid time off. Of those companies surveyed, 91% now offer part-time workers vacation days, an 8% in-

## Technical Corner

In November 1999, The Department of Health and Human Services published proposed regulations regarding medical privacy. The proposed rules cover healthcare providers and health plans that electronically transmit and store protected patient health information.

The proposal, set to be finalized some time this year, prohibits the use or disclosure of health information except when authorized by the patient or as permitted by the regulation. The proposed regulation allows for the following:

- ◆ **Use and disclosure of health information without authorization for purposes of health care treatment, payment and operations**

- ◆ **Disclosure of health information without individual's authorization for the purpose of national priority (for example, public health)**

Furthermore, the proposed regulation would:



- ◆ **Require written authorization for use and disclosure of health information for purposes other than health care treatment, payment, operations or national priority.**

- ◆ **Create a set of fair practices to inform people on how their information is being used, to give them access to their information, and develop standards for health plans and providers to ensure confidentiality and prevent unauthorized access.**

The regulations encourage providers and health plans to remove individual identifiers from confidential information, by allowing the "de-identified" information to be used in any way provided it is not reidentifiable. Health plans and providers may also use any individually identifiable information with the proper authorization by the patient.

In this age of the Internet, privacy issues are a constant challenge. The proposed regulations are one step towards protecting an individual's privacy.

## DID YOU KNOW?

With the start of the new millennium, it is appropriate to reflect on several events that revolutionized the workplace in the 20th century:

Social Security, enacted in 1935, now covers almost 95% of all jobs in the United States.

Medicare began in 1966 with 19.1 million enrollees and today nearly 38 million receive Medicare assistance.

The first HMO started over half a century ago, and today 85% of employees are enrolled in some form of managed care.

Section 125 was added to the Internal Revenue Code in 1978. In 1988 there were 589 flexible benefit programs in effect and today there are more than 1,100.

Source: Hewitt Associates LLC Press Release

## NOTABLE QUOTE

***"An executive is a person who always decides; sometimes he decides correctly, but he always decides."***

**John H. Patterson**

