



# Alliance Benefit Consultants

## For All Your Insurance Needs

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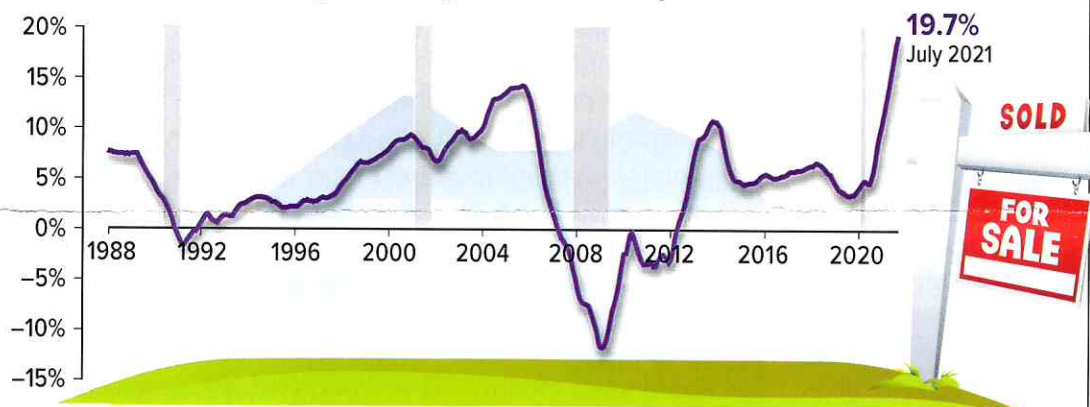


**Bob Scott**  
Broker

## Home Prices Have Risen at Record Pace

U.S. home prices rose 19.7% during the 12 months ending in July 2021 as buyer demand far exceeded the supply of dwellings for sale. This was the largest annual price increase in the history of the monthly S&P/Case-Shiller U.S. National Home Price Index going back to 1988. Home prices fell during most past recessions, but the housing market has been anything but normal since the pandemic began in 2020. In many cities, builders struggle to build enough homes to meet the demand driven by low interest rates and the aging of millennials into homeownership. This longer-term trend was amplified by labor shortages and spiking material costs in the first half of 2021.

**Year-over-year change in U.S. house prices**



Shaded areas indicate U.S. recessions

Sources: S&P Dow Jones Indices, 2021; *The Wall Street Journal*, July 27, 2021



## How's Life?

When asked to rate their life satisfaction, 59.2% of Americans reported that they were "thriving" in June 2021. This was the highest reading ever in the 13-year Gallup survey, surpassing the previous high of 57.3% in September 2017. The low point (46.4%) is a tie between the early days of the pandemic (April 2020) and the Great Recession (November 2008).

Source: Gallup, July 7, 2021

PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS



# Are You a HENRY? Consider These Wealth-Building Strategies

HENRY is a catchy acronym for “high earner, not rich yet.” It describes a demographic made up of young and often highly educated professionals with substantial incomes but little or no savings. HENRYs generally have enviable career prospects, but many of them feel financially stretched or may even live paycheck to paycheck for years, especially if they are working in cities with high living costs and/or facing large student loan payments.

If this sounds like you, it may be time to shed your HENRY status for good and focus on growing wealth — even if it means making some temporary sacrifices. One simple metric that can be used to gauge your financial standing is your net worth, which is the total of your assets (what you own) minus your liabilities (what you owe).

## Pay Attention to Your Spending

It's virtually impossible to increase your net worth if you don't live within your means. After studying long hours and working your way into a good-paying job, you may feel that you deserve to spend some money on fashionable clothes, the latest smartphone, a night on the

town, or a relaxing vacation. However, if you can't pay for most of your splurges without relying on credit — or wiping out your savings — then you may need to rein in your lifestyle. Budgeting software and/or smartphone apps can help you analyze your spending patterns and track your financial progress.

## Utilize a Workplace Retirement Plan

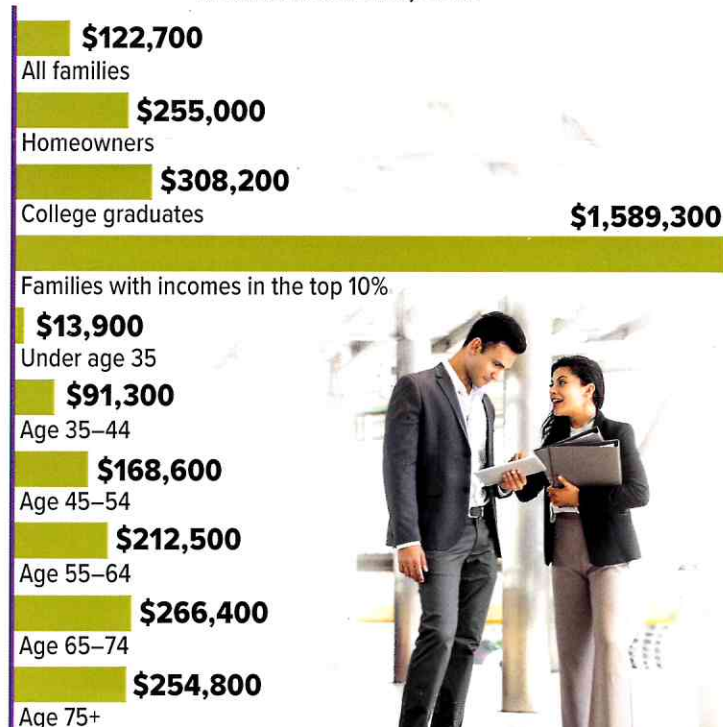
Making regular pre-tax contributions to a traditional 401(k) plan is a no-nonsense way to accumulate retirement assets, and it helps reduce your taxable income by the same amount. Experts recommend saving at least 10% of your income for future needs, but if that's not possible right away, start by contributing 3% to 6% of your salary to your retirement plan and elect to escalate your contribution level by 1% each year until you reach your target (or the contribution limit). The maximum you can contribute to a 401(k) plan in 2021 is \$19,500 (\$26,000 if you are age 50 or older).

Many companies will match part of employee contributions, and free money is a great reason to save at least enough to receive a full company match and any available profit sharing. Some plans may require that you remain employed by the company for a certain amount of time before you can keep the matching funds.

## Wealth Snapshot

The net worth of U.S. families varies greatly depending on housing status, education, and income level. But it also takes time to build wealth, so there are significant differences by age.

Median net worth, 2019



Source: Federal Reserve, 2021

## Assess Your Housing Situation

Paying rent indefinitely may do little to improve your financial situation. Buying a home with a fixed-rate mortgage could help stabilize your housing costs, and you can build equity in the property over time as your loan balance is paid off — especially if the value appreciates. A home purchase may also afford tax advantages, but only if you itemize rather than claim the standard deduction on your tax return. Up to \$750,000 of mortgage interest is deductible, as are the property taxes, subject to a \$10,000 cap on state and local property taxes.

Homeownership is a worthwhile financial goal if you plan to stay put for at least several years. And in many places, owning a home can be less expensive than renting, thanks to low interest rates. But there could be hurdles to overcome, including a hot real estate market, high prices, lingering student debt, and the large chunk of money required for a down payment.

When shopping for a home, resist the temptation to buy more house than you can afford, even if the bank says you can. And don't forget to factor property taxes, insurance, and potential maintenance costs into your buying decisions and household budget.



# When Buying Is Easy, Paying Later Can Be a Problem

If you shop online, you might have noticed a growing number of buy now, pay later (BNPL) services (or apps) that offer the option to spread out the payments on your purchases. Buyers who make one partial payment upfront and agree to several additional interest-free installments can receive their orders right away. This is a key difference from the layaway plans of the past: Shoppers had to wait until the balance was paid to take their goods home. Many stores discontinued layaway plans in the 1980s when the use of credit cards became widespread.

BNPL apps are used more often by younger consumers trying to stretch their paychecks, partly because they are more comfortable shopping online (and particularly on smartphones). Applying for the financing is quick and easy, which allows for more impulse buying and instant gratification. This might tempt you to overspend on things you don't really need and wouldn't buy if you

had to pay upfront. As with credit cards, you would face financial consequences such as late fees and/or high interest rates if you encounter a financial setback and can't pay the installments on schedule.

Credit-card companies report on-time payments to the credit bureaus, so using them responsibly can help you build a positive credit history. In contrast, some BNPL lenders may not bother to report on-time payments — though they will surely report missed payments and collections. Before you use any BNPL service, read the fine print carefully to make sure you understand the terms of the agreement and the company's credit reporting policies.



## Did You Know Medicaid May Pay You as a Family Caregiver?

Each day, millions of parents, children, siblings, and spouses selflessly sacrifice their time and energy to care for family members affected by illness, injury, or disability. Their efforts help meet numerous social, financial, nursing, and everyday personal care needs such as help with bathing, feeding, and driving to appointments. More than half (58%) of family caregivers have intensive caregiving responsibilities.<sup>1</sup>

If you are a regular caregiver of a loved one, you know it can exact an emotional and physical toll. It can be financially draining, too. However, in some cases Medicaid may offer financial relief.

Generally, Medicaid looks at the applicant's financial situation (income and assets) as well as his or her functional ability. An applicant who meets state Medicaid

eligibility requirements can apply for a specific program that allows the individual to self-direct his or her own care, including the selection of a qualified caregiver who may be a relative or a friend. The caregiver is compensated, directly or indirectly, by Medicaid.

Medicaid rules and services are different in each state, and there may be more than one program that offers caregiver benefits. For instance, some programs may pay for family caregivers but exclude spouses or in-laws. Others may provide compensation only if the caregiver does not live in the same house as the person receiving care. Contact your state Medicaid office for information about its programs and respective eligibility requirements, or visit [medicaidplanningassistance.org/state-specific-medicaid-eligibility/](https://www.medicaidplanningassistance.org/state-specific-medicaid-eligibility/).

1) U.S. Department of Health and Human Services, 2020

**80%** of care at home is provided by unpaid caregivers



Source: LongTermCare.gov





# Ransomware: Tips for Safeguarding Your Digital Data

Ransomware is malicious code (malware) that infects the victim's computer system, allowing the perpetrator to lock the files and demand a ransom in return for a digital key to restore access. Some attackers may also threaten to reveal sensitive data.

A recent surge in high-profile attacks, many by gangs located in Russia and eastern Europe, represents a shift from stealing data from "data-rich" targets such as retailers, insurers, and financial companies to locking data of organizations that are essential to public welfare. Common targets include hospitals, state and local governments, school systems, and private companies of all sizes. Earlier in 2021, ransomware shut down a gasoline pipeline and a company that processes one-fifth of the U.S. meat supply, demonstrating the threat to the nation's critical infrastructure.<sup>1</sup>

While major ransomware syndicates focus on more lucrative targets, plenty of cybercriminals prey on individuals, whether locking data for ransom, gaining access to financial accounts, or stealing and selling personal information. Here are some tips to help protect your data.

- Use long and complex passwords with at least 8 to 12 characters and a mix of upper- and lower-case letters, numbers, and symbols. Do not use personal information or dictionary words. Though it's tempting to reuse a strong password, it is safer to have different passwords for different accounts. Consider a password manager that generates random passwords, which you can access through a master password. Do not share or write down your passwords. Two-step authentication, typically a text or email code sent to your mobile device, provides a second line of defense.



- When establishing security questions for password recovery, it may be better to use fictional answers. If your answer can be guessed through public information (such as an online profile), the criminal can reset your password and gain access to your account.
- Ransomware and other malicious code are often transferred to the infected computer through a "phishing" email. Never click on a link in an email or text unless you know the sender and have a clear idea where the link will take you.
- Use the most recent operating system that can run on your computer. Install antivirus software, a firewall, and an email filter, and download all security updates. Back up your data regularly to an external hard drive and disconnect the drive between backups.
- If you see a notice that your computer has been infected by a virus or that your data is being held for ransom, it could be a fake pop-up window. Do not call the phone number and do not click on the window. Try exiting the browser and restarting your computer. If your data is really locked, contact a legitimate technical support provider.

For more information, visit the Cybersecurity & Infrastructure Security Agency website at [us-cert.cisa.gov/ncas/tips](https://us-cert.cisa.gov/ncas/tips).

1) *The Wall Street Journal*, June 9, 2021

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