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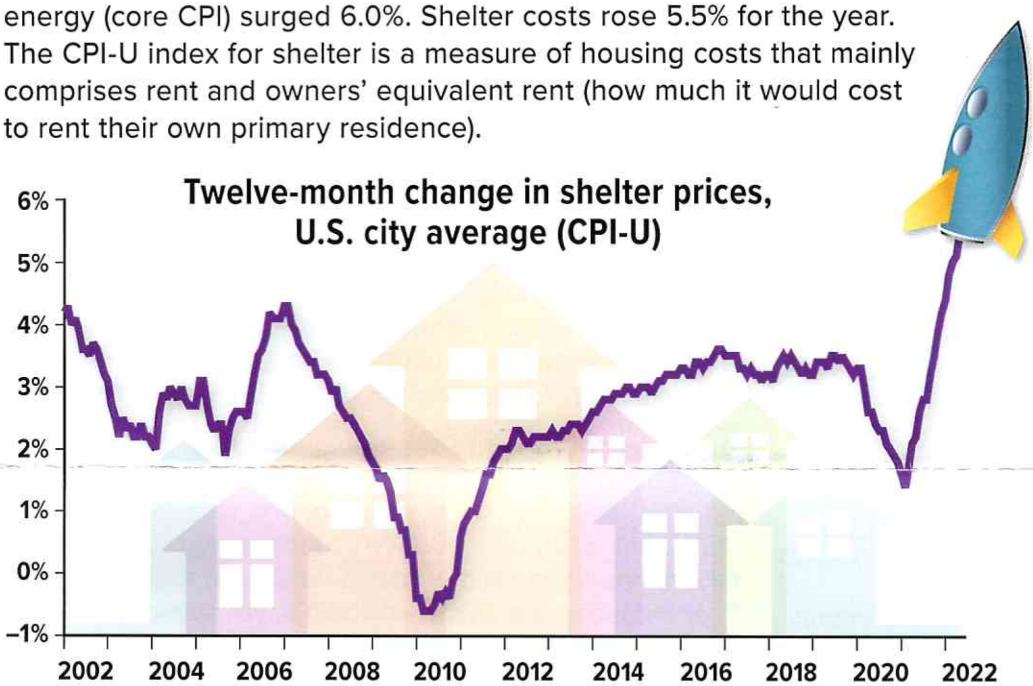
The Skyrocketing Cost of Shelter

Fast-rising home prices and rents have been a major driver of inflation over the past year. The Consumer Price Index (CPI) jumped 8.6% over the 12 months ending May 2022, while the index for all items less food and energy (core CPI) surged 6.0%. Shelter costs rose 5.5% for the year. The CPI-U index for shelter is a measure of housing costs that mainly comprises rent and owners' equivalent rent (how much it would cost to rent their own primary residence).



Source: U.S. Bureau of Labor Statistics, 2022 (data through May 2022)

Where Rents Are Through the Roof

In May 2022, the median rent for 0- to 2-bedroom properties in the 50 largest U.S. metro areas reached $1,849, an increase of 15.5% over the previous year. It was the tenth month in a row that rents grew at a double-digit rate, and spikes were more dramatic in Sun Belt cities such as Miami (46%), Orlando (28%), San Diego (23%), Tampa (22%), and Austin (22%).

Source: Realtor.com, 2022

PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS

Talk About These Money Matters Before the Wedding

If predictions come to pass, 2022 will be the biggest year for weddings since 1984, with the culmination of many postponed or delayed celebrations in addition to regularly scheduled events. There are expected to be about 2.5 million weddings in the United States in 2022, according to the Wedding Report, an industry trade group, up from 1.9 million in 2021. There were roughly 2.1 million weddings each year between 2009 and 2019, before the pandemic-shortened wedding season of 2020 (1.3 million).[1]

If you are engaged to be married, or might be soon, it's important to consider how this change in your relationship (and legal status) will affect your finances. Discussing the following topics well in advance may keep surprises and disagreements from disrupting your newlywed bliss.

Share debt stories. Many Americans bring college debt into their marriages, and some individuals have had bankruptcies or other severe credit challenges. Taking a close look at both credit reports may help resolve debt and credit issues before they spiral out of control.

Discuss banking and bill paying. Working together to prepare a preliminary household budget may help you start off on the right foot. If you decide not to pool all your income and assets, make sure you clearly define what belongs to each of you separately and what you will share. Some married couples use a joint account for living expenses and separate accounts for personal spending.

Look closely at company health plans. You may need to coordinate two sets of workplace benefits, so keep in mind that many companies apply a surcharge to encourage a worker's spouse to use other available coverage. Compare the costs and benefits of having both of you on the same plan versus keeping your individual coverage with each employer.

Anticipate joint income taxes. Most married couples pay more total tax when they file separately than when they file jointly. But there are rare occasions when filing separate returns could result in a lower combined tax liability or provide another benefit. For example, if you or your fiancée have federal student loans, filing separately might help you qualify for a lower monthly payment under an income-based repayment plan. But you could also lose certain tax credits and pay more income tax, so it's important to weigh your options carefully.

Combining your incomes could land you in a higher (or lower) tax bracket. To avoid owing money at tax time, you may want to use the estimating tool on the IRS website (*irs.gov/individuals/tax-withholding-estimator*) to check and adjust your employer withholding. If it turns out that you will receive a larger refund, you might reduce your withholding and put that money to better use (such as paying off debt or boosting savings).

Consider a prenuptial agreement. A prenup is a written contract that states how assets will be owned during the marriage and divided in the event of divorce. A prenup may be unnecessary if the engaged couple are both young and have comparable wealth levels. But if either partner owns (or expects to inherit) substantial assets — or has significant debts — crafting a premarital agreement may be worthwhile.

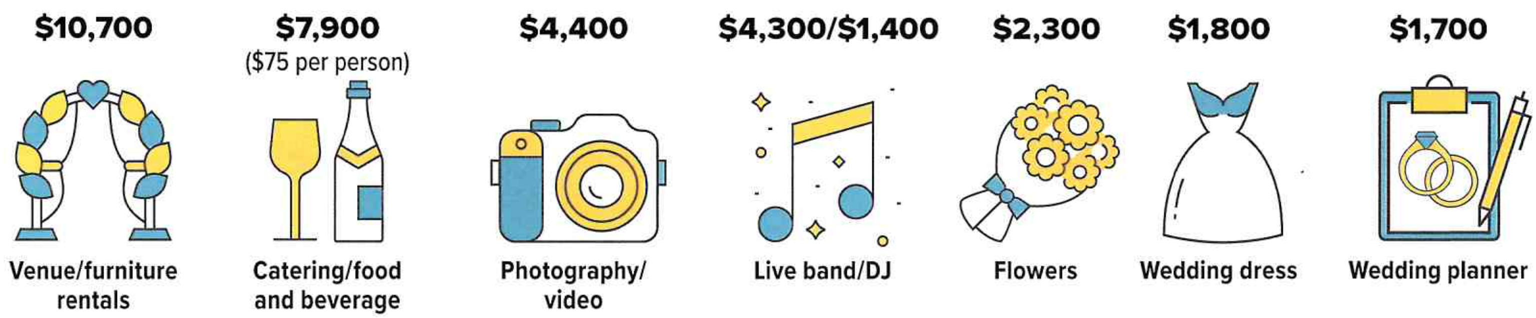
Prenups are commonly used to help protect the financial interests of children from a previous marriage or to account for other special circumstances. If a couple intends to pay off one partner's student loans together early in the marriage, an agreement might credit the other spouse for that help in the event of a divorce. Similarly, if one partner expects to support a spouse through professional school (law or medical), an agreement may stipulate how he or she will share fairly in the professional's future income.

You are encouraged to seek guidance from an independent tax and/or legal professional.

1) *The New York Times*, February 10, 2022

Paying for the Party

The national average cost of a wedding in 2021 was about $28,000, a figure that includes the rehearsal dinner, ceremony, and a reception with 105 guests — but not the engagement ring (which averaged $6,000) or the honeymoon. Of course, the average price tag varied greatly by location, from $16,000 in Oklahoma to $47,000 in New Jersey. With inflation soaring, many couples are facing significantly higher costs, and greater competition for in-demand vendors, in 2022.



Source: The Knot, 2022

Fraudsters and Scammers Pocket Nearly $6 Billion in 2021

According to the Federal Trade Commission (FTC), 2.8 million people lost $5.8 billion to fraud in 2021, a 70% increase in losses over 2020. Imposter scams topped the list of fraud types, surpassing others by a huge financial margin, followed by online shopping scams.[1]

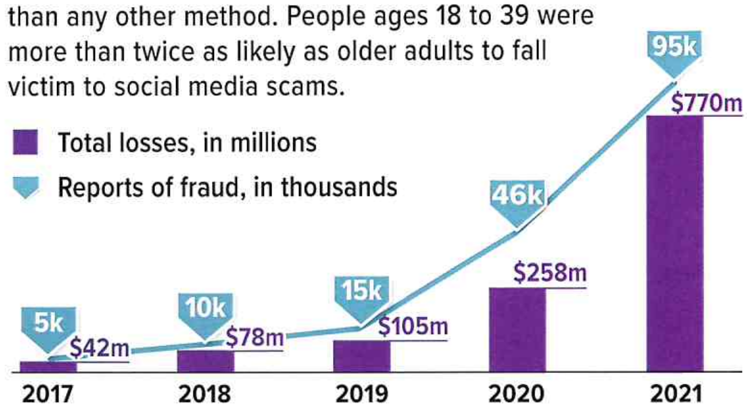
Nearly 1 million consumers lost more than $2.3 billion to imposter scams, with a median loss of $1,000. Imposter scams happen when an individual posing as someone else — a friend, family member, or representative of a trusted company or organization — tries to convince a potential victim to hand over personal information or money. Examples include criminals who claim to be representatives from the IRS collecting taxes; distant relatives or friends in urgent need of cash; and fundraisers for charities. Often, fraudsters will ask the victim to forward a gift card or wire money. The FTC warns, "People who say you have to pay that way are always scammers."[2]

Online shopping was the second most costly fraud category, with nearly $400 million in losses.[3] According to an AARP study, 29% of consumers age 50 and older have fallen victim to online shopping scams, which typically originate with a bogus website, mobile app, or social media advertisement. They often mimic actual retailers, offering brand-name goods at deep discounts that either never arrive or, when they do, are cheap knock-offs. Moreover, online shopping losses can be exacerbated through malware (malicious software) attacks that lead to identity theft. The AARP said warning signs of online shopping fraud include bargain-basement prices, unprofessional and error-laden websites, limited or suspicious contact information, and web addresses that include extra characters or don't end with *.com* or *.net*.[4]

The holiday season is prime time for scammers and identity thieves. With the holidays just around the corner, now is the ideal time to review common frauds and prevention tips. For more information, visit ***consumer.gov***, ***consumerfinance.gov***, and ***aarp.org***.

Beware of Social Media Scammers

Social media was more profitable to scammers in 2021 than any other method. People ages 18 to 39 were more than twice as likely as older adults to fall victim to social media scams.



Source: Federal Trade Commission, 2022

1–3) Federal Trade Commission, 2022
4) AARP, 2022

Thrifty Finds Benefit Your Wallet and the Environment

Thrift store shopping, or "thrifting," has made a resurgence in recent years, and it's not just the local Goodwill, Salvation Army, and smaller church-sponsored thrift stores that are seeing the uptick. Online resale sites are booming.

According to data and analytics provider GlobalData, the resale market grew about 76% between 2015 and 2021, reaching more than $160 billion in both brick-and-mortar and online sales. By 2030, Americans are expected to spend $354 billion on secondhand goods, with online sales more than tripling.

What's Driving the Surge?

Part of the increase can be attributed to an eco- and cost-conscious Generation Z inspired by social media influencers who post about their scavenger-hunt hauls. In fact, 92.4% of adults ages 18 to 24 expected to buy something secondhand over a 12-month period, compared with 75.5% of those ages 60 to 75.

Another reason is the savings: Nearly 75% of consumers said they thrift to save money, with anticipated savings of at least 25% off retail prices on thrift finds, even for unused items still bearing original tags.

"A house is just a place to keep your stuff while you go out and get more stuff."
George Carlin

Americans are not only buying secondhand goods, they're also selling them. Over the 12 months ending June 2021, about 63% of survey respondents sold at least one used item, 52% said they use the resale market regularly for extra income, and 12% said it's their primary income source.

Finally, in the age of fast fashion and instant gratification, thrift shopping can also be a way to slow down and thoughtfully hunt for treasures while benefiting the environment. Consider that in 2020, 1.6 billion products worthy of resale were thrown out. The more stuff people buy and sell online, the less that will end up in the nation's landfills.

Source: GlobalData, 2021

4 Health Insurance Options for Young Adults

Young adults have more access to health insurance coverage than ever before.[1] However, despite these gains, they also have some of the highest uninsured rates of any age group in the United States.[2] Having adequate health insurance is critical, even if you are young and healthy. Without it, getting hurt or sick could result in costly medical expenses that could lead to financial hardship. Here are four health insurance options to help you protect yourself.

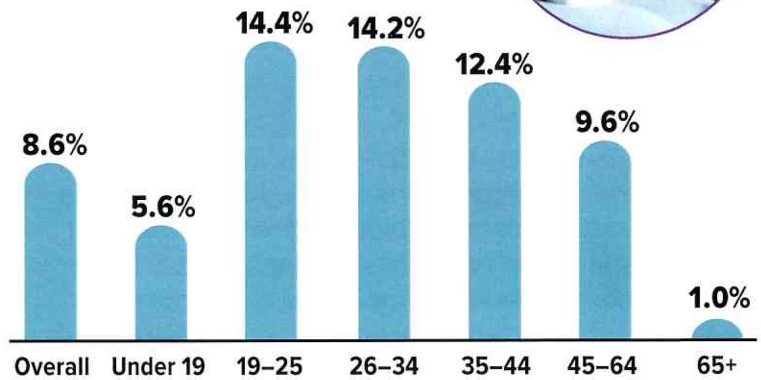
Get on or stay on your parent's plan. If your parents have employer-sponsored health insurance or a Health Insurance Marketplace plan, you usually can be added to or remain on a parent's plan until you turn 26. Generally, you can stay on a parent's plan until you turn 26 even if you:

- Get married
- Have or adopt a child
- Start or leave school
- Live in or out of your parents' home
- Aren't claimed as a tax dependent
- Turn down an offer of job-based coverage

Enroll in your school's student health plan. Most U.S. colleges and universities require their students to have a certain level of health insurance coverage. If you are in college, you may be able to enroll in your school's student health plan if you don't already have health insurance or if your insurance plan does not meet coverage requirements.

Apply for insurance through the Health Insurance Marketplace. Marketplace plans offer affordable coverage for essential health benefits and pre-existing conditions. In addition, when you fill out an online

Percentage of Uninsured U.S. Residents by Age Group, 2020



Source: U.S. Census Bureau, 2021

application for the Health Insurance Marketplace, you will find out if you qualify for a plan that offers income-based savings (if you are not a tax dependent) or if you are eligible for other free or low-cost coverage (e.g., Medicaid, CHIP).

Obtain coverage through your employer. If your employer offers health insurance coverage, consider enrolling in your company plan. If you just turned 26 and are outside of the open enrollment period, you may qualify for a special enrollment period. Employer-sponsored plans are typically more affordable than individual health plans because many employers pay a portion of the premiums.

For more information on health insurance coverage for young adults, visit *healthcare.gov.*

1) Urban Institute, 2021
2) American Community Survey, U.S. Census Bureau, 2020