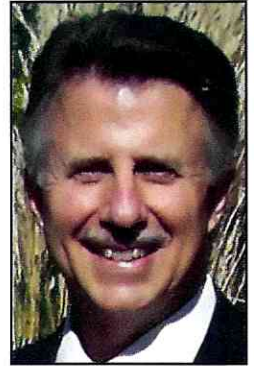


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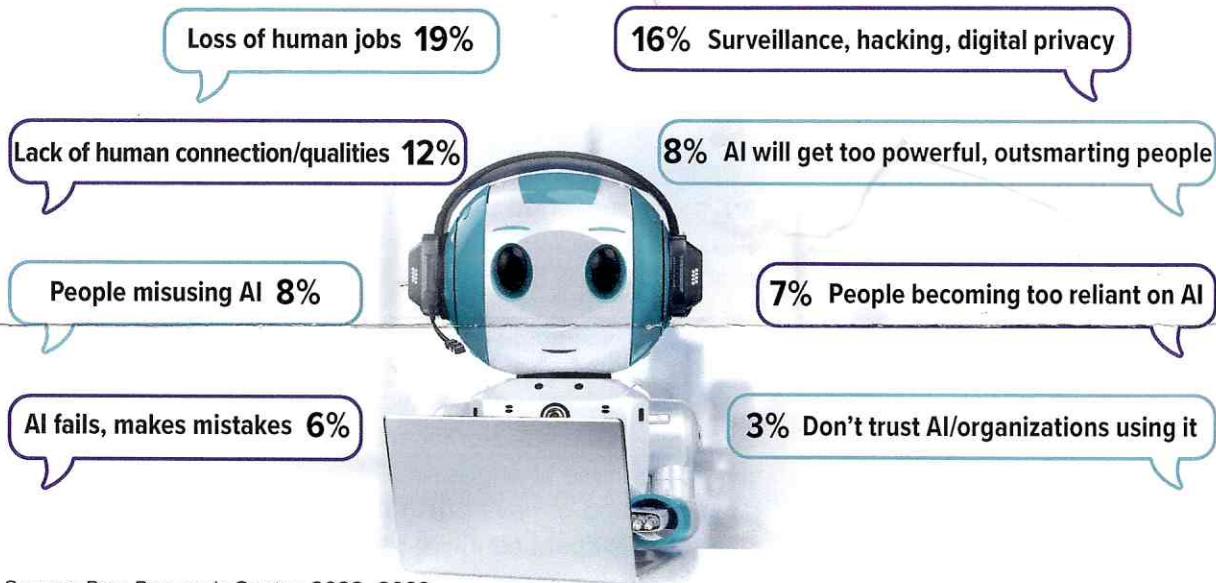


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Broker

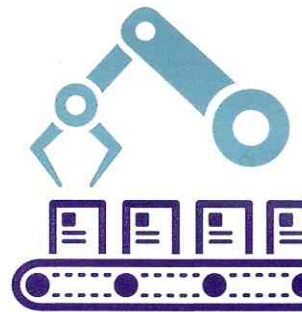
What Real People Think About Artificial Intelligence

When U.S. adults were asked about the expanding presence of artificial intelligence (AI) technology in daily life, 38% said they were more concerned than excited, while just 15% were more excited. Many were still on the fence, as 46% felt equally concerned and excited about the life-changing potential of AI.

Among those who were more concerned, percentage who said the following was the main reason



Source: Pew Research Center, 2022–2023



62%

Share of Americans who said AI will have a major impact on workers generally in the next 20 years, although only 28% believed it will have a major impact on them personally.

Source: Pew Research Center, 2023

New Medicare Rules Tackle Prescription Drug Prices

The Inflation Reduction Act of 2022 included provisions intended to lower prescription drug costs for Medicare enrollees and slow drug spending by the federal government. According to an estimate by the Congressional Budget Office, the law's drug pricing reforms could reduce the federal budget deficit by \$237 billion over 10 years (2022 to 2031).¹

Here's an overview of the changes to the Medicare program — which covers 64 million seniors and people with disabilities — and timelines for when they take effect.

Drug Price Negotiation

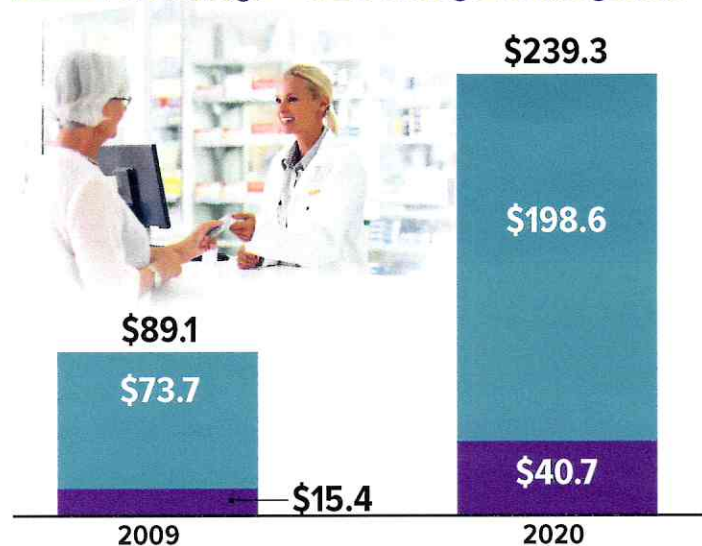
For the first time, the federal government will negotiate lower prices for some of the highest-cost drugs covered under Medicare Part B and Part D. The first 10 drugs selected for the negotiation program are scheduled to be published by September 1, 2023. The negotiated "maximum fair prices" for the initial 10 drugs are to be published by September 1, 2024, and go into effect starting January 1, 2026. Up to 15 drugs will be subject to negotiation each year for 2027 and 2028, and up to 20 more drugs for each year after that.²

Inflation Rebates

By one estimate, the list prices of about half of all drugs covered by Medicare between 2019 and 2020 rose faster than inflation.³ To discourage this practice, manufacturers of drugs covered under Medicare Part B and Part D will be required to pay rebates to the federal government if

Rising Medicare spending on drugs (in billions) between 2009 and 2020

■ Part D drugs = 9.4% average annual growth
■ Part B drugs* = 9.2% average annual growth



*Typically administered by a health professional in a hospital or another medical facility

Source: MedPAC Data Book, July 2022

price increases for brand-name drugs without generic or biosimilar competition exceed an inflation-adjusted benchmark (beginning in 2023).

Medicaid, a federal program that provides health coverage for low-income Americans of all ages, already receives similar inflationary rebates.

Redesigned Part D Benefits

The new law also modifies the design of Medicare's benefits and shifts liabilities so that Part D insurance plans will pay a larger share of the program's drug costs, while enrollees and the government pay less.

Under the 2023 Medicare Part D standard benefit, enrollees pay a \$505 deductible and 25% of all drug costs up to the catastrophic threshold, and then a 5% coinsurance (above \$11,206 in total costs or \$7,400 in out-of-pocket costs). But there is currently no limit on the total amount that beneficiaries might have to pay out of pocket if high-cost drugs are needed.

Starting in 2024, the 5% coinsurance requirement for Part D prescription drugs in the catastrophic phase is eliminated, which effectively caps enrollees' out-of-pocket drug costs at about \$3,250. A hard cap of \$2,000 will apply to out-of-pocket costs for Part D prescription drugs in 2025 and beyond (adjusted for inflation). Annual premium increases will also be limited to no more than 6%.⁴

Insulin Cost-Sharing Limits

Starting in 2023, deductibles will not apply to covered insulin products under Medicare Part D or under Part B for insulin furnished through durable medical equipment. Also, the applicable copayment amount for covered insulin products will be capped at \$35 for a one-month supply.

Medicare enrollees who live with a chronic disease like diabetes or face any illness that requires treatment with high-cost specialty drugs (such as cancer or multiple sclerosis) could see significant savings in the coming years thanks to these changes. Still, younger individuals who are uninsured or have private insurance plans with high deductibles could continue to feel financial pain from rising drug costs — with one notable exception.

Three major drugmakers have announced deep price cuts of at least 70% for older forms of insulin. These decisions may have been influenced by public backlash, new competition and changing market dynamics, along with the threat of financial penalties soon to be imposed by Medicaid because drug prices were raised faster than the rate of inflation.⁵

1) Congressional Budget Office, 2023

2) U.S. Department of Health and Human Services, 2023

3–4) Kaiser Family Foundation, 2023

5) USA Today, March 16, 2023

Why the EPA Is Focusing on “Forever” Chemicals

In March 2023, the Environmental Protection Agency (EPA) proposed the first federal limits for six types of per- and polyfluoroalkyl substances, or PFAS, in public drinking water. PFAS are often called “forever” chemicals because they remain in the environment for a long time without breaking down.¹

Studies have found that almost every U.S. resident has PFAS in their blood.² And there are growing concerns that exposure to PFAS may cause cancer, increase cholesterol, impact fertility, interfere with the body’s natural hormones, and trigger

developmental problems in children.³

Because of their stain-, water-, grease-, and fire-resistant qualities, PFAS were used for decades to make various kinds of goods, including carpet, clothing, nonstick cookware, food packaging, and fire-fighting foam, but they have since been removed from many consumer products.⁴

According to EPA estimates, the proposed rule would affect 3,400 to 6,300 contaminated public water systems — serving between 70 million and 94 million people.



Required improvements could cost \$772 million a year, with potential economic benefits of \$1.2 billion a year from fewer cancers and other illnesses. Industry groups have warned that the compliance costs could be much higher.⁵

1–2, 4–5) *The Wall Street Journal*, March 13, 2023

3) Environmental Protection Agency, 2023

How to Kill Your Zombie Subscriptions

In a 2022 survey, consumers were first asked to quickly estimate how much they spend on subscription services each month, then a while later, they were directed to break down and itemize their monthly payments. On average, the consumers’ actual spending was \$219 per month, about 2.5 times as much as the \$86 they originally guessed.¹

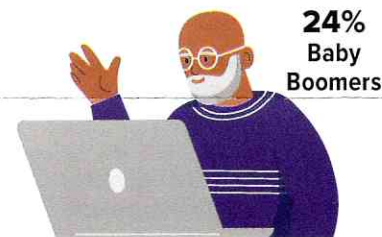
Zombie subscriptions are auto-renewing services that people sign up for then forget about or rarely use. Some common examples include mobile phone and internet plans, television, music, and game streaming services, news subscriptions, meal delivery, language courses, and health/fitness memberships (digital and in person).

New types of services are rolling out every day, which is just one reason why subscription costs can creep up on you. But with inflation cutting into your purchasing power, getting rid of a few unnecessary recurring charges could help balance your household budget.

Conduct an audit. Some subscriptions are billed annually, so you may need to scrutinize a full year’s worth of credit card statements. Plus, if you purchased a subscription through an app store on your smartphone, the name of the service won’t be specified. So when you notice a recurring charge that you can’t identify, try looking for a list of subscriptions in your device’s settings.

Use an app. One in ten consumers said they rely on banking and personal finance apps to track their spending on subscription services. There are several popular services that can be used to scan account statements for recurring costs and remind you to cancel

Share of consumers who forgot about subscriptions but still paid for them, by age group



Source: C+R Research, 2022

unwanted subscriptions before they renew automatically — if you are comfortable sharing your financial information.

Some companies make it difficult to cancel unwanted subscriptions by requiring a call, hiding the phone number, and/or forcing customers to wait to speak to a representative. If you find this practice frustrating, help may be on the way. The Federal Trade Commission has proposed a new rule that requires merchants to make it just as easy to cancel a subscription as it is to sign up.

1) C+R Research, 2022

529 Plan Rollovers Offer Financial Flexibility

When parents or grandparents contribute to a 529 college savings plan for a student, the investment earnings accumulate on a tax-deferred basis, and withdrawals are tax-free if they are used for qualified education expenses. However, for withdrawals that are not used for qualified education expenses, the earnings may be subject to taxation as ordinary income and possibly a 10% tax penalty.

So, if there is money left over in a 529 plan that won't be used for college expenses, the owner might dread the tax bill that would come from cashing out the account. However, starting in 2024, the account's beneficiary will have the option to roll over as much as \$35,000 from a 529 plan to a Roth IRA, thanks to retirement legislation known as the SECURE 2.0 Act.

Distributions from a Roth IRA are tax-free, assuming the five-year holding requirement has been met, and they are taken after age 59½ (or an exception applies). Having the option to reinvest college savings for retirement might inspire more families to open tax-advantaged 529 accounts and fund them generously.

Rollover Rules

For a rollover to be tax- and penalty-

free, the 529 plan must have been open for at least 15 years — and changing the account beneficiary during this period may restart the 15-year clock. Any 529 plan contributions made within five years of the rollover date can't be rolled over to the Roth IRA.

Also, beneficiaries can't roll over \$35,000 all at once. Rollovers are subject to the annual contribution limit for Roth IRAs, which is \$6,500 in 2023 (for people under age 50) or earned income, whichever is less.

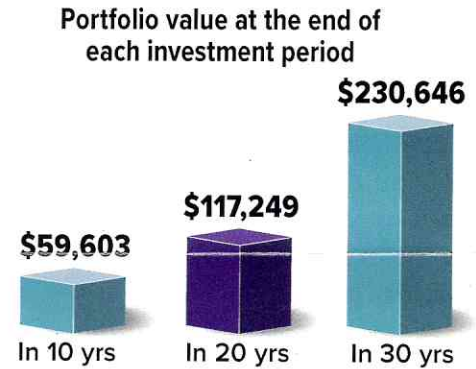
529 Plan Details

The tax implications of a 529 savings plan should be discussed with a legal and/or tax professional because plans can vary significantly from state to state. Also be aware that most states offer their own 529 plans, which may provide advantages and benefits exclusively for their residents and taxpayers. These other state benefits may include financial aid, scholarship funds, and protection from creditors.

There are generally fees and expenses associated with participation in a 529 savings plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated.

Repurposing College Savings

This chart demonstrates the potential growth over time of \$35,000 in excess 529 plan funds rolled to a Roth IRA and invested for retirement. Calculations assume \$6,500 rollovers in years one through five, and \$2,500 in year six, are invested at the beginning of each year and earn a 7% annual return.



This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment. Fees and expenses are not considered and would reduce the performance shown if they were included. Actual results will vary. Rates of return will vary over time, particularly for long-term investments.

Before investing in a 529 savings plan, please consider the investment objectives, risks, charges, and expenses carefully. The official disclosure statements and applicable prospectuses — which contain this and other information about the investment options, underlying investments, and investment company — can be obtained by contacting your financial professional. You should read these materials carefully before investing.

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