Health & Retirement Services of Illinois

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OUR NEWS LETTER

HRSI

Hershey: 'We will not be able to fully meet consumer demand' for Halloween

Ongoing supply chain pressures amid strong consumer demand make for a scary combination as Hershey warned there will be a Halloween and holiday candy shortage.

“Seasonal consumer engagement is expected to remain high, and we expect high single digit sales growth for both our Halloween and Holiday seasons,” Hershey Chairman and CEO Michele Buck said during the earnings call. “Despite this strong growth, we will not be able to fully meet consumer demand due to capacity constraints.”

Trick-or-treaters can partially blame a scarcity of raw ingredients and workers for the lack of Reese's pumpkins this year. The CEO also mentioned that the Russia-Ukraine war and geopolitical tensions strained supply chains when explaining that the company had to make the difficult decision to prioritize producing its everyday candy offerings over seasonal confections.

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Buck warned that the supply constraint would put pressure on the stock in the second half of the year, though she noted that the shortage was expected to be short-lived. Hershey anticipates it will have inventory back up to meet consumer demand into 2023.

The chocolate manufacturer saw 19% sales growth in the second quarter versus a year ago as consumers continued to buy up sweets and snacks despite the rise in inflation. The company said it didn't see increased competition from private-label brands that other consumer packaged goods purveyors have been facing.

Here’s how Hershey performed in the second quarter compared to Wall Street estimates:

- **Revenue:** $2.3 billion vs. $2.2 billion
- **Diluted EPS:** $1.80 vs. $1.68

The company also raised its full-year earnings guidance to 12% to 14% growth (up from 10% to 12%). Hershey shares were up more than 2 in Friday afternoon trading.

The Hershey Company (HSY)

View quote details

NYSE - Nasdaq Real Time Price (USD)

231.61

+1.83(+0.80%)

As of 12:51PM EDT.Market open.

Add to watchlist

"We feel really good about having high single-digit growth," Buck said on the company's outlook, "but we also feel good about as we get into the future being able to have more capacity to really fulfill more of the demand that we see during the season."

What motorists need to know about their auto insurance score

In most states, a person's auto insurance score is one of the factors insurers consider when calculating premiums, along with a range of personal and policy-based parameters, which include age, gender, address, employment, driving history, and coverage limits. In certain instances, however, this credit-based rating can play a huge part in pushing up car insurance rates.

A recent analysis of auto premiums by personal finance firm NerdWallet has shown that the average annual premiums for motorists with poor credit are about 71% higher at $2,792 than for those with good credit at $1,630. The figure is even higher than those for drivers involved in an at-fault collision at $2,462.

A separate study by insurance marketplace Policygenius, meanwhile, has found that while rates for drivers aged 30 to 45 rose 55% from the yearly average of $1,652 to $2,555 after an accident, those for motorists with poor auto insurance scores were 88% more expensive at $3,107. By contrast, policyholders with good credit-based ratings paid 14% less annually at $1,420.

How do auto insurance scores work?

Auto insurance scores, also called credit-based insurance scores or insurance credit scores, were introduced by the Fair Isaac Corporation (FICO) in the early 1990s. This rating system uses a person's credit information to predict their likelihood of filing a claim. The belief is that motorists with poor credit-based insurance scores are more likely to file a claim than their counterparts with good auto insurance ratings.

Insurance companies also utilize this model to get a picture of how risky it is to cover a driver and how much to charge for coverage.

"Your insurance score is a snapshot of your insurance risk at a particular point in time," FICO wrote in a guide on its website. "It is a number based on the information in your credit report that shows whether you're more or less likely to have claims in the near future that will result in losses for the insurance company… The higher your score, the less risk you represent."

Apart from FICO, data analytics firm LexisNexis and credit reporting agency TransUnion, as well as some insurance companies, have their own scoring systems. Each calculates auto insurance scores differently. Therefore, a motorist's score may vary between insurance providers.

According to the National Association of Insurance Commissioners (NAIC), however, insurers are not allowed to use credit-based insurance scores as the sole basis for increasing rates or denying or cancelling policies. Some states – namely California, Hawaii, Maryland, Michigan, Massachusetts, Oregon, Utah, and Washington – even prohibit or limit insurance companies from utilizing auto insurance scores in underwriting or rating decisions.

What is a good auto insurance score?

What is considered a "good" auto insurance score differs depending on the credit ratings provider. These companies do not normally disclose how they come up with their ratings, but FICO has revealed on its website a breakdown of the different factors it considers. These are:

- Payment history (40%): Payments made on a person's debt in the past, including frequency and the amount paid off
- Outstanding debt (30%): Amount of debt a person has
- Credit history length (15%): Amount of time a person has had a line of credit
- Pursuit of new credit (10%): If a person has recently applied for new lines of credit
- Credit mix (5%): The types of credit one has, including credit cards, mortgage, and auto loan

Typically, companies view ratings above 700 as a good score. A good auto insurance rating for FICO starts at 700, while those for LexisNexis and TransUnion begin at 776. The table below shows what these credit reporting entities deem as good and poor score ranges.

Insurance score provider	Good score range	Poor score range
FICO	700-900	250-500
LexisNexis	776-997	200-500
TransUnion	776-950	150-500

Source: WalletHub

How is auto insurance score different from credit score?

While the factors used to determine a credit score and a credit-based insurance score are the same, these rating systems are not designed for the same purpose. Auto insurance scores are used to predict how likely a driver will file a claim, while credit scores are intended to determine if a borrower is in a stable financial position to secure a loan.

In addition, unlike credit reports, motorists do not have free access to their auto insurance scores. According to personal finance website WalletHub, the only way consumers can check their credit-based scores is by calling LexisNexis Risk Solutions.

According to the global data and analytics company, motorists who already have a reference number from their insurers can get a copy of their credit-based insurance scores, which also includes the top three reasons why they received the rating. For those without a reference number, they can still obtain a copy of their information from LexisNexis Risk Solutions.

FICO and TransUnion, meanwhile, do not provide auto insurance scores to consumers.

Why do auto insurance companies use credit-based scores?

Insurance companies primarily use credit-based insurance scores to determine whether a motorist is eligible for coverage and how much premium they will be charged. But according to FICO, auto insurance scores also help prevent drivers with good credit standings from bearing some of the costs of higher-risk individuals.

“By using insurance scores, insurers can better forecast future performance and thus make sure that each person pays a rate that more closely corresponds to the risk of loss they represent,” the data analytics firm explained. “This means that if you are less likely to have claims that will result in losses for the insurance company, your insurance company can offer you a lower premium.

“And because those that will likely have claims (or larger claims) will end up paying higher premiums, insurance scores help your insurance company make sure that you won't end up paying more than you should to help cover someone else’s future claims.”

How can drivers improve their auto insurance scores?

For motorists who are struggling to maintain a good credit-based score, FICO recommends treating their ratings “a bit like losing weight.”

"It takes time and there is no quick fix," the firm added. "In fact, quick-fix efforts can backfire. The best advice is to manage your credit accounts and debts responsibly over time."

To help motorists raise their auto insurance scores and save on car premiums, FICO shared these practical tips:

- Pay bills on time as delinquent payments and collections can have a negative impact on auto insurance scores.
- Be aware that paying off a collection account will not remove it from the credit report as records stay for seven years.
- For those having trouble making ends meet, it is advisable to contact creditors or see a legitimate credit counselor. Though this won't improve their credit-based scores immediately, it can help them manage their credit and pay on time.
- Keep balances low on credit cards and other "revolving credit."
- Pay off debt rather than moving it around.
- Do not close unused credit cards as a short-term strategy to raise credit score. In fact, owing the same amount but having fewer open accounts may lower a person's score.
- Do not open new credit cards just to increase available credit. This approach could backfire and lower one's credit score.
- Do not open a lot of new accounts in quick succession. New accounts will lower the average account age, which will have a larger effect on a person's score if they do not have a lot of other credit history.
- Re-establish a good credit history. Opening new accounts responsibly and paying them off on time will raise a person's score in the long term.
- Checking one's credit report won't affect their score, as long as it is obtained directly from a credit-reporting agency or through an organization authorized to provide credit reports to consumers.
- Apply for and open new credit accounts only as needed.
- Have credit cards – but monitor and manage them responsibly.
- Note that closing an account does not make it go away. A closed account will still appear on the credit report and may impact a person's score.

Stay up to date on your vaccines

It's especially important to stay up to date on your vaccines. Vaccines protect you from serious illness and can even keep you out of the hospital.

Talk with your doctor about which vaccines may be right for you, many of which Medicare covers:

- **COVID-19 vaccines and booster shots.** Staying up to date with your COVID-19 vaccines (including getting all **recommended boosters** when eligible) will keep you best protected from severe COVID-19 illness.
- **One flu shot per flu season.** The CDC recommends getting your flu shot by the end of October to stay protected throughout flu season.
- **Two different pneumococcal shots.** Medicare covers the first shot at any time and a different, second shot if it's given at least one year after the first shot.

Visit Medicare.gov to see what other vaccines Medicare covers, and talk with your doctor about staying up to date on your vaccine

'Recession coming faster than expected' – Swiss Re economist

US health insurers raise rates to match increase in usage

SACRAMENTO, California (AP) — After putting off routine health care for much of the pandemic, Americans are now returning to doctors' offices in big numbers — a trend that's starting to show up in higher insurance rates across the country.

Health insurers in individual marketplaces across 13 states and Washington D.C. will raise rates an average of 10% next year, according to a review of rate filings by the Kaiser Family Foundation.

That's a big increase after premiums remained virtually flat for several years during the pandemic as insurers seek to recoup costs for more people using their policies, combined with record-high inflation that is driving up prices for virtually everything, including health care.

The rates review included Georgia, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, New York, Oregon, Rhode Island, Texas, Vermont and Washington.

"We're at a point in the pandemic where people are using health care that they may have put off before," said Larry Levitt, executive vice president for health policy with the Kaiser Family Foundation. "We have a double whammy right now of people using more care and inflation throughout the economy."

In California, state officials announced Tuesday that rates would increase an average of 6% next year for the 1.7 million people who purchase coverage through Covered California, the state-operated health insurance marketplace. That's a big jump after years of record low increases, when rate increases averaged about 1% in the past three years.

Increased use of health plans was the biggest reason for the increase, accounting for four percentage points, according to Jessica Altman, executive director of Covered California.

"That is really the consistent message that other states are seeing as well, and even more so than California," she said.

The rate increases come as Congress debates whether to extend financial help for consumers through the American Rescue Plan — the $1.9 trillion economic aid package Congress passed last year to combat the economic impacts of the pandemic.

The American Rescue Plan included significant funding to keep health insurance premiums low for people who purchase coverage through state marketplaces.

California receives about $1.7 billion annually from that funding to make sure no one paid more than 8.5% of their household income on monthly premiums.

If that assistance expires at the end of this year, about 3 million Americans — including 220,000 Californians — would likely drop coverage because they will no longer be able to afford it, according to an analysis by Covered California.

Without guidance on whether Congress will extend the assistance next year, some insurers have reacted by proactively raising rates in anticipation of people dropping coverage. The uncertainty accounted for half a percentage point of California's 6% increase, Altman said.

California officials have lobbied hard for Congress to extend the financial assistance through the American Rescue Plan. In general, the price of health insurance premiums depends on who is buying coverage. If its mostly sick people, the premiums are more expensive. If more healthy people buy them, the premiums cost less.

Altman said California has managed to keep its rate increases below the national average in part because more healthy people are buying coverage through Covered California than most other states.

She said that's in part because of a California law that taxes people who refuse to purchase health coverage. But she said it's also because of subsidies that keep premiums low so more people can afford them.

Altman said not extending the federal financial assistance would price some people out of coverage and “is the core outcome to be concerned about here.”

“That would be a big step backwards,” she said.

Millennial net worth seemingly doubled since the start of COVID-19

Although the COVID-19 pandemic had devastating effects on the U.S. economy, one key demographic was able to benefit during that time: Millennials.

Millennials, who are defined by the Federal Reserve as people born between 1981 and 1996 (meaning roughly those between the ages of 26 and 41 in 2022), saw their total net worth double since the first quarter of 2020, when it was at $4.55 trillion, according to a recent report by MagnifyMoney.

That number has since surged 106.2% to $9.38 trillion during the first quarter of 2022.

Meanwhile, millennials' average net worth doubled as well. In the first quarter of 2022, millennials held an average of $127,793 versus $62,578 in the first quarter of 2020 — a whopping 103.2% jump.

"There's not one specific reason for the substantial increase in millennials," MagnifyMoney Executive Editor Ismat Mangla told Yahoo Finance. "It was a perfect storm of factors that has led to to the significant increase in total net worth."

These factors include taking advantage of the housing market, the student loan payment pause, and even "side hustles."

Real estate, side gigs

A majority of millennial net worth is held in real estate, according to the report, while 20.2% is held in pension entitlements and 10.3% each in consumer durables and private businesses.

“Historically low mortgage rates allowed millennials to affordably finance their homes, in turn giving them a big leg up eventually when the real estate market took off and housing prices skyrocketed,” Mangla said. “A lot of millennials got in at the right time.”

Real estate is also where most millennial debt is found — 62.6% is tied up in home mortgages.

According to a 2022 report by the National Association of Realtors, millennials now make up the largest share of home buyers at 43%, and that number is expected to keep growing.

“Those in the housing market at the start of the pandemic, they have debt, but it's manageable," Mangla said. "And those who didn't were left out."

This debt was made worse by the pandemic. With COVID came massive layoffs for thousands of Americans, forcing many to learn new ways to generate income. This is commonly referred to as a "side hustle" and may include activities like investing, reselling products online, social media marketing gigs, and more.

A 2020 survey from LendingTree found that 50% of millennials had a side hustle during the first year of COVID. These side hustles, coupled with elevated unemployment benefits and stimulus checks, helped many millennials stay afloat financially.

Student loans 'an important driver'

Student loans are another key aspect of net worth, especially for millennials. Since March 2020, all federal student loans have been in forbearance, meaning no payments have been required and no interest has accrued during that time.

Because of the student loan payment pause, millennials were able to put their cash towards other areas that helped build wealth.

“Student loan forgiveness was an important driver in millennials growing their total net worth," Mangla said. "A majority of the generation has some kind of debt from student loans.”

According to the Education Data Initiative, millennials hold an average balance of $38,877 in student loan debt.

That "lack of transparency from the Biden administration on student loan forgiveness and when that will be ending" is another concern for Mangla.

It's unclear how much student loan debt the Biden administration is planning on forgiving — if any at all — at least until Aug. 31 when the latest payment pause expires.

'Worrisome' debt

Although millennials have made the most gains in terms of net worth since the onset of the COVID pandemic, they still account for just 6.6% of America's wealth.

Baby Boomers have the most at $71.08 trillion, which is 50.4% overall, while Gen X owns 29.9% at $42.16 trillion.

"It's good to see millennials 'catching up’ a bit to Baby Boomers and Gen Xers," Mangla said. At the same time, "it's still small compared to the older generations, as those generations made significant gains as well over the past two years," she added.

Part of this is because older generations have had more time to build their wealth and also benefited from low housing costs, tax reductions, stock market upswings, low tuition, and lower interest rates.

Millennials are still grappling with debt as well. While student loan payments have been paused for the time being, 62.6% of their debt is embedded in home mortgages.

Consumer credit accounts for another 35.6% of millennial debt, more than any other generation. Mangla stated this was "worrisome," particularly against the backdrop of inflation as food and energy prices remain elevated.

The Federal Reserve is expected to keep raising rates throughout the year in order to combat the inflationary environment, which likely means higher interest rates on credit cards and people paying more for their credit purchases consequently.

Those with higher credit scores are typically able to obtain lower interest rates on credit cards and loans, while individuals with lower credit scores result in higher interest rates — in turn making purchases and loans even more expensive.

"Figure out a plan to pay that down or a way to consolidate it," Mangla said. "Try for near-zero or low-percentage credit cards, which are dependent on an individual's credit score, which is one of the most important things nowadays."

To contact us: go to www.healthcareil.com or Call (800) 739-4700