Health & Retirement Services of Illinois

Newsletter April 2022

OUR NEWS LETTER HRSI

COVID-19 at-home tests

Good news! Starting this week, if you already ordered 4 free at-home COVID-19 tests from **COVIDtests.gov, now you can get 4 more free at-home tests shipped to your home.**

Visit COVIDtests.gov again to place your second order. As before, just enter your name and mailing address (you can also give your email address if you want status updates on your order).

If you haven't yet ordered any at-home tests, you can get a total of 8 tests shipped to your home. You'll just have to place **2 separate orders** — each order equals 4 tests.

At-home tests, or "self tests," give rapid results and can be taken anywhere, regardless of your vaccination status or whether or not you have symptoms. **Visit CDC.gov** to learn when to test yourself, how to use an at-home test, and what your test results mean.

In Our Newsletter

Farmers hit hard by price increases as food price spike looms

(The Center Square) – Goods and services around the country are becoming increasingly more expensive, but farmers may be among the hardest hit as inflation, supply chain issues, and Russia's invasion of Ukraine are expected to send food prices soaring even higher.

That impact is being felt by farmers around the country.

“The cost of fertilizer is up as much as 500% in some areas,” said Indiana Farm Bureau President Randy Kron. “It would be unbelievable if I hadn’t seen it for myself as I priced fertilizer for our farm in southern Indiana. Fertilizer is a global commodity and can be influenced by multiple market factors, including the situation in Ukraine, and all of these are helping to drive up costs.”

Ukraine is a significant supplier of both crops and fertilizer materials, adding to the concern that the invasion will likely lead to shortages and price increases.

Fertilizer prices for nitrogen, phosphorous and potassium, called NPK, have exploded since December 2020.

“Because of the seasonal aspects of … this agriculture industry, it takes about six to nine months for the impacts felt in the impact market to really work its way through the supply chain and reach the consumer,” said Nathon Carson, head of supply chain operations for Chemical Dynamics, a multi-million dollar fertilizer supplier based in Florida servicing 12 states. “The crazy thing is, fertilizer prices for NPK, especially nitrogen, the most important nutrient, went up by about … doubled essentially in Q4 of 2021, which means we are not really going to see those impacts until this coming summer.”

That fertilizer price increase is one of several factors expected to push food prices up even higher this year.

“Food prices are going to continue to go up dramatically,” Carson said. “I was expecting food prices to go up about 10% in the U.S. before midterms, so around August, another 5 or so percent to follow by the end of the year … You could see 20% food price inflation by the end of the year in the U.S. That is a possibility. You won’t see famine in the U.S. Our food system is very, very resilient, but you will see shortages. You won’t have the same product selection that you’re used to.”

These food price issues have only been egged on by runaway federal spending, which has helped send inflation soaring in the past year.

The Bureau of Labor Statistics reported last week that the Consumer Price index, a leading marker of inflation, rose 7.9% in the past 12 months. BLS said that the food price index rose 8.6% over the last 12 months, the largest 12-month spike since April 1981.

"Inflation has hit agricultural inputs such as fertilizer and equipment, which will contribute to the increasing cost of food," said Chris Hagenow, vice president of Iowans for Tax Relief. "Inflation is dangerous because it is a hidden tax and it destroys the income earned by both farmers and workers. This inflation is a direct consequence of the out-of-control spending that is plaguing the federal government. Our national debt has hit $30 trillion and President [Joe] Biden and the Democrats believe that spending and printing money has no economic consequences. Farmers and consumers will continue to see higher prices and it will damage the economy."

BLS found that in February, those price increases hit all kinds of foods on grocery store shelves.

"The food index increased 1.0 percent in February as the food at home index increased 1.4 percent over the month," BLS said. "All six major grocery store food group indexes increased in February. The index for fruits and vegetables had the largest increase, rising 2.3 percent, its largest monthly increase since March 2010. The index for fresh fruits increased 3.7 percent over the month, and the index for fresh vegetables rose 1.3 percent. The index for dairy and related products rose 1.9 percent, its largest monthly increase since April 2011.

"The index for meats, poultry, fish, and eggs increased 1.2 percent in February as all of its major component indexes increased," BLS added.

Kron said the problem isn't going away anytime soon.

"The problem has been developing for several years, so unfortunately, the solution will take time, too," he said. "Farm Bureau is urging the Biden administration to look for ways to bring fertilizer prices down, including resolving supply chain issues and removing import duties. These rising input costs will have a major impact on all of us this spring as we prepare to put crops in the ground and they will eat away much of the profit we might have expected to make from higher commodity prices."

Create your online Medicare account

Now's the time to create your online **Medicare account!** It's a secure way to access your personal Medicare information anytime.

It takes just a few minutes to create your account. Then you'll be able to:

1. **View your Original Medicare claims** as soon as they're processed.
2. **Sign up to go paperless** — get your yearly "Medicare & You" handbook and claims statements, called "Medicare Summary Notices," electronically.
3. **Add your prescriptions and pharmacies,** to better compare health and drug plans in your area.
4. **Print a copy of your official Medicare card.**

Rising interest rates may be a good thing for home prices: Morning Brief

Amanda Fung **Editor** Tue, March 29, 2022

This article first appeared in the Morning Brief. Tuesday, March 22, 2022

Home prices are soaring and later this morning we will find out by how much, when the latest S&P CoreLogic Case-Shiller national home price index is released.

On top of exorbitant home prices, mortgage rates are on the rise — the 30-year fixed mortgage (most common among homebuyers) topped 4% earlier this month for the first time since 2019 — leading industry experts like Bank of America to say housing affordability "is the worst it's ever been."

But higher interest rates may actually be a good thing for home prices and the housing market in general.

"Low rates make housing *less* affordable in the long run and rates have been on a long downward trend," wrote Jonathan Miller, CEO of Miller Samuel Inc., a real estate appraisal and consulting firm, in a recent blog post.

The notion is counterintuitive but worth exploring because it's a valid one. It's no secret that low interest rates have fueled the overheated housing market. Low rates coupled with depressed inventory levels have been driving up prices — the simple law of supply and demand. Home prices have been increasing every year for a decade now and median sales price is up about 15% in 2021 from a year ago, according to the National Association of Realtors (NAR).

Meanwhile, rates have hovered around historical lows — the rate on the 30-year fixed hit an all time low of 2.83% in October 2020, according to Freddie Mac. With "rates at historic lows you create this demand level that is insatiable," said Miller, so buyers are "quickly absorbing inventory to the point where it has collapsed."

Homes are being traded at a rapid clip. Right now it takes a little over one month to absorb all the homes that are for sale in the U.S., according to the NAR. In a "normal" housing market (when supply meets demand) it takes about six months for inventory to be exhausted.

"House-buying power is more than double it was 20 years ago because interest rates are lower and incomes are 50% higher," said First American Chief Economist Mark Fleming, noting that about 1% of the total amount of housing stock in the U.S. is currently available for sale — a 50-year low. “Purchasing power will go down because rates go up which should mean less demand.”

As Federal Reserve chief Jerome Powell said during a Senate committee hearing earlier this month, “housing is a very interest-sensitive sector and rates moving back towards more normal levels should act to cool off housing markets.”

The uptick in rates may be starting to do its part to bring demand down a notch. Pending home sales, a leading indicator of the market, fell for a fourth consecutive month in February.

“Higher rates will slow down the velocity of sales and allow inventory to rise, reducing the rampant bidding wars,” said Miller, noting that bidding wars have accounted for half of the transactions in the dozen regions he covers in the U.S.

The tight inventory may be starting to loosen, both the NAR and the CalculatedRisk blog said inventory bottomed in January and at the beginning of March respectively. Not to mention inventory traditionally picks up this time of year — it’s spring, the busiest season for buying a home.

“If inventory were to return to about three-quarters of the pre-COVID level, supply would rise to about four months. That's still low, but it would be consistent with a meaningful slowdown in the rate of price increases,” said Pantheon Macroeconomics in a recent research note.

Until that happens there is no question that rising rates will put pressure on buyers, especially first-time homebuyers. According to NAR Chief Economist Lawrence Yun, at the current interest rates, monthly mortgage payments for first-time homebuyers have increased 28% from a year ago.

“Higher rates and higher home prices have led to a 30% increase in the cost of housing year-over-year,” Danielle Hale, Realtor.com chief economist, told Yahoo Finance Live yesterday.

Also, Fleming warns about the financial lock-in effect where existing homeowners won’t want to sell to upgrade or move because they would be giving up a mortgage with a 3% rate for one that is at least a percentage point higher. About 80% of inventory comes from turnover of existing homes, not newly built ones.

All that said, there is no doubt “a massive imbalance of supply and demand,” said Miller. So rising rates may be a necessary evil, at least for now.

Dental Coverage
for as
low as
$15
a month!

Click Here for more
Details
OR
Call 1-800-739-4700

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