Health & Retirement Services of Illinois
Newsletter November 2021

OUR NEWS LETTER HRSI

Important update on COVID-19 vaccine booster shots

If you previously got 2 doses of the Pfizer-BioNTech COVID-19 vaccine, you can get a booster shot of the Pfizer-BioNTech COVID-19 vaccine if you fall into one of these groups:

- You're 65 and older,
- You're 18+ and have certain **underlying medical conditions,** or
- You're 18+ and work or live in a **high-risk setting.**

You can get your booster shot at least 6 months after you complete your second dose of the Pfizer vaccine. The booster shot can help strengthen and prolong your protection against COVID-19.

Visit CDC.gov for more information on other groups already vaccinated with the Pfizer vaccine that may be eligible for a booster shot.

Remember: Medicare covers a Pfizer vaccine booster shot at no cost to you.

In Our Newsletter

Data Supporting Need for a Booster Shot

Studies show that after getting vaccinated against COVID-19, **protection against the virus may decrease** over time and be less able to protect against the Delta variant. Although COVID-19 vaccination for adults aged 65 years and older remains effective in preventing severe disease, recent data pdf icon[4.7 MB, 88 pages] suggest vaccination is less effective at preventing infection or milder illness with symptoms. Emerging evidence also shows that among healthcare and other frontline workers, vaccine effectiveness against COVID-19 infections is decreasing over time. This lower effectiveness is likely due to the combination of decreasing protection as time passes since getting vaccinated (e.g., waning immunity) as well as the greater infectiousness of the Delta variant.

Data from a small clinical trial show that a Pfizer-BioNTech **booster shot increased the immune response** in trial participants who finished their primary series 6 months earlier. With an increased immune response, people should have improved protection against COVID-19, including the Delta variant.

Only Certain Populations Initially Vaccinated With the Pfizer -BioNTech Vaccine Can Get a Booster Shot at This Time.

People aged 65 years and older and adults 50–64 years with underlying medical conditions should get a booster shot of Pfizer-BioNTech vaccine. The risk of severe illness from COVID-19 increases with age, and can also increase for adults of any age with underlying medical conditions.

Residents aged 18 years and older of long-term care settings should get a booster shot of Pfizer-BioNTech vaccine. Because residents in long-term care settings live closely together in group settings and are often older adults with underlying medical conditions, they are at increased risk of infection and severe illness from COVID-19.

People aged 18–49 years with underlying medical conditions may get a booster shot of Pfizer-BioNTech vaccine based on their individual benefits and risks. Adults aged 18–49 years who have underlying medical conditions are at increased risk for severe illness from COVID-19. However, that risk is likely not as high as it would be for adults aged 50 years and older who have underlying medical conditions. People aged 18–49 years who have underlying medical conditions may get a booster shot after considering their individual risks and benefits. This recommendation may change in the future as more data become available.

People aged 18–64 years at increased risk for COVID-19 exposure and transmission because of occupational or institutional setting may get a booster shot of Pfizer-BioNTech vaccine based on their individual benefits and risks. Adults aged 18–64 years who work or reside in certain settings (e.g., health care, schools, correctional facilities, homeless shelters) may be at increased risk of being exposed to COVID-19, which could be spreading where they work or reside. Since that risk can vary across settings and based on how much COVID-19 is spreading in a community, people aged 18–64 years who are at increased risk for COVID-19 exposure and transmission because of occupational or institutional setting may get a booster shot after considering their individual risks and benefits. This recommendation may change in the future as more data become available.

Occupations at increased risk for COVID-19 exposure and transmission include front line essential workers and health care workers as previously detailed by the CDC [1]

- First responders (healthcare workers, firefighters, police, congregate care staff)
- Education staff (teachers, support staff, daycare workers)
- Food and agriculture workers
- Manufacturing workers
- Corrections workers
- U.S. Postal Service workers
- Public transit workers
- Grocery store workers

[1] List could be updated in the future

Waiting to Save for Retirement Could Cost You

When it comes to saving for retirement, the clock is ticking. To illustrate the value of time, let's consider three Roth IRA investors.

Kate, Derek, and Jane all decide to open Roth IRAs to supplement their other retirement accounts. Each investor hopes to build this account to $500,000 at the time of retirement, though they are starting to save for retirement at different ages. All plan to retire at age 65, and the investors maximize their contributions each year.

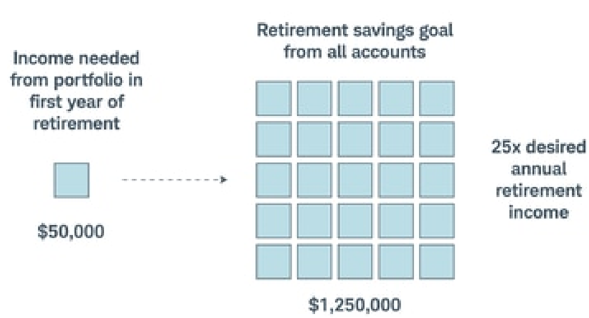
*People age 50 and older are allowed to include a $1,000 "catch-up" contribution.

By age 65, here's how their savings could add up

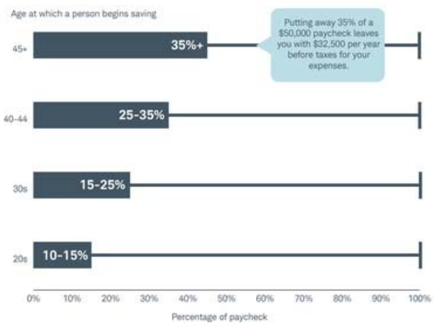
The example is hypothetical and provided for illustrative purposes only. It is not intended to represent a specific investment product. Assumes annual contribution of $6,000 until age 50, and $7,000 from age 50 to age 65; also assumes 6% average annual portfolio growth.

How you can best prepare for the future

Here's a retirement savings rule of thumb that you can use as a directional guideline to get you started.



If you start saving in your 20s, contributing 10%–15% of your paycheck including a savings match—if any—from an employer will likely allow you to meet your retirement savings goal. With every decade you delay, however, you'll need to save a greater percentage of your paycheck.



Find additional ways to save

Here are some options for getting on the right track:

- **Maximize your workplace retirement plan.** For 2021, the max 401(k) contribution for employees under age 50 is $19,500. Employees age 50 or over can make an additional catch-up contribution of $6,500. Be sure to take advantage of any match your company offers.
- **Devote funds from a windfall**, such as a bonus or inheritance, to an investment account geared toward your retirement.
- **Set up a taxable brokerage account** to supplement your retirement savings.
- **Give your savings a boost**. As your income increases, up your savings rate by 1%–3% each year. Before you know it, you'll be savings a lot more than you thought you could.
- **Start a Health Savings Account (HSA)**—if you're able—to help cover medical expenses, both now and later in life.[1] If you don't use the money, you won't lose it. An HSA stays with you.

Better late than never

Invest in your future sooner rather than later. If you're starting later in life, don't get discouraged—there are other options that could help you reach your financial goals. All it takes is discipline and perseverance.

[1]You may only open and contribute to an HSA if you're covered by a high deductible health plan. Contribution limits for 2021 are up to $3,600 for single coverage and $7,200 for family. In 2022, limits will increase to $3,650 for self-coverage and $7,300 for family. See HealthCare.gov for details.

4 Common Tax-Filing Mistakes and How to Avoid Them

During my eight-years at the IRS, I watched taxpayers make the same mistakes time and again. Not every error will lead to an audit, but you should take pains to be as accurate as possible—and to avoid the following oversights that can lead to heightened scrutiny by the IRS.

Red Flag #1: Underreporting income

Generally speaking, all income is taxable unless it's specifically excluded, as is the case with certain gifts and inheritances. In most instances, the income you earn will be reported to both you and the government on an information return, such as a Form 1099 or W-2. If the income you report doesn't match the IRS's records, you could face problems down the road—so be sure you include the income from all of the following forms that are applicable to your situation:

- **1099-B**: The form on which financial institutions report capital gains.
- **1099-DIV**: The form on which financial institutions report dividends.
- **1099-MISC**: The form used to report various types of income, such as royalties, rents, payments to independent contractors, and numerous other types of income.
- **1099-R**: The form on which financial institutions report withdrawals from tax-advantaged retirement accounts.
- **Form 1099-INT**: The form on which financial institutions report interest income.
- **Form SSA-1099**: The form on which the Social Security Administration reports Social Security benefits (a portion of which may be taxable, depending on your level of income).
- **Form W-2**: The form on which employers report total annual compensation, payroll taxes, contributions to retirement accounts, and other information.

If you receive an inaccurate statement of income, immediately contact the responsible party to request a corrected form and have them resend the documents to both you and the IRS as soon as possible to avoid delaying your tax return. Also, be aware that you must report income for which there is no form, such as renting out your vacation home.

Red Flag #2: Misreporting investment gains

When you sell an investment, you'll need to know both the cost basis (what you paid for the investment) and the sale price to determine your net gain or loss. The cost basis of your investment may need to be adjusted to account for commissions, fees, stock splits, or other events, which could help reduce your taxable gain or increase your net loss.

Financial institutions are required to adjust your investments' cost basis and provide that information on a Form 1099. However, brokerages aren't required to report the cost basis for investments purchased prior to a certain date, which means you'll be responsible for supplying that information (see the table below). Be sure to keep records of all investment purchases and sales—even those for which your brokerage is responsible.

Your reporting responsibility

Depending on security type and date of purchase, you—rather than your brokerage—could be responsible for reporting the cost basis of your investment to the IRS.

Security type	Investor's responsibility if
Stocks (including real estate investment trusts)	Acquired before 01/01/2011
Mutual funds, exchange-traded funds, and dividend reinvestment plans	Acquired before 01/01/2012
Other specified securities, including most bonds, derivatives, and options	Acquired before 01/01/2014

Red Flag #3: Claiming unsupported deductions

The IRS keeps a careful eye on certain tax deductions in order to discourage abuse, particularly if the deduction is especially large or unusual, such as a big donation to a charity. Be sure to keep meticulous records to support the deductions on your tax return, and for charitable donations, verify that the government recognizes any organization that you donate to as a tax-exempt entity. You can confirm an organization's tax status with the IRS's "Exempt Organizations Select Check" tool.

Red Flag #4: Entering information incorrectly

Sometimes, the simplest mistakes cause the biggest headaches. For example, entering the wrong Social Security or tax ID number can cause major problems in processing your return. To guard against such missteps:

- Review all numbers on your return for accuracy.
- Check that all the names on the return are spelled correctly.
- Compare this year's tax return with the last year's, and make sure that there are no unexplained differences or items that were left off.
- Double-check that you've signed and dated all relevant pages.

Using tax-preparation software can increase the overall accuracy of your return and help identify all the deductions you may be entitled to. However, even the best tax software won't catch basic inputting errors. Consider enlisting a tax professional to give your return a second look or even prepare it from start to finish.

Flu & People 65 Years and Older

People 65 years and older are at higher risk of developing serious flu complications compared with young, healthy adults. This increased risk is due in part to changes in immune defenses with increasing age. While flu seasons vary in severity, during most seasons, people 65 years and older bear the greatest burden of severe flu disease. In recent years, for example, it's estimated that between 70 percent and 85 percent of seasonal flu-related deaths have occurred in people 65 years and older, and between 50 percent and 70 percent of seasonal flu-related hospitalizations have occurred among people in this age group.

A Flu Vaccine is the Best Protection Against Flu

Flu Vaccine Reduces Risk of Flu Illness and Serious Outcomes

Flu vaccination has many benefits. It has been shown to reduce flu illnesses and also to reduce the risk of more serious flu outcomes that can result in hospitalization or even death in older people. Flu vaccination has been shown in several studies to reduce severity of illness in people who get vaccinated but still get sick.

The best way to protect against flu and its potentially serious complications is with a flu vaccine. CDC recommends that almost everyone 6 months and older get a seasonal flu vaccine each year, ideally by the end of October. However, as long as flu viruses are circulating, vaccination should continue throughout flu season, even into January or later.

Flu vaccination is especially important for people 65 years and older because they are at higher risk of developing serious flu complications. Flu vaccines are updated each season to keep up with changing viruses. Also, immunity wanes over a year so annual vaccination is needed to ensure the best possible protection against flu. Because immunity may decrease more quickly in older people, it is especially important that this group is not vaccinated too early (in July or August). September and October are generally good times to be vaccinated for people 65 years and older.

A flu vaccine protects against the flu viruses that research indicates will be most common during the upcoming season. (See Vaccine Virus Selection for this season's exact vaccine composition.) Flu vaccines for 2021-2022 have been updated from last season's vaccine to better match circulating viruses. Immunity from vaccination fully sets in after about two weeks.

Because of age-related changes in their immune systems, people 65 years and older may not respond as well to vaccination as younger people. Although immune responses may be lower in older people, studiesexternal icon have consistently found that flu vaccine has been effective in reducing the risk of medical visits and hospitalizations associated with flu.

Types of Flu Shots for People 65 and Older

People 65 years and older should get a flu shot, not a nasal spray vaccine. They can get any flu vaccine approved for use in their age group with no preference for any one vaccine over another. There are regular flu shots that are approved for use in people 65 years and older and there also are two vaccines designed specifically for this age group:

High Dose Flu Vaccine

The high dose vaccine (brand name Fluzone High-Dose) contains four times the amount of antigen (the inactivated virus that promotes a protective immune response) as a regular flu shot. It is associated with a stronger immune response following vaccination (higher antibody production). Results from a clinical trial of more than 30,000 participants showed that adults 65 years and older who received the high dose vaccine had 24% fewer influenza illnesses as compared with those who received the standard dose flu vaccine. The high dose vaccine has been approved for use in people 65 years and older in the United States since 2009. Learn more about high dose flu vaccine here.

Adjuvanted Flu Vaccine

The adjuvanted flu vaccine (brand name Fluad Quadrivalent) is made with MF59 adjuvant, an additive that helps create a stronger immune response.. In a recent review of multiple vaccine trials, older adults who received a MF59-adjuvated vaccine had a significantly higher immune response than those who received a standard flu vaccine. The adjuvanted vaccine was available for the first time in the United States during the 2016-2017 flu season. Learn more about adjuvanted flu vaccine here.

The high dose and adjuvanted flu vaccines may result in more of the temporary, mild side effects that can occur with standard-dose seasonal flu shots. Side effects can include pain, redness or swelling at the injection site, headache, muscle ache and malaise, and typically resolve with 1 to 3 days.

- The weakened immune system in older adults can also mean that this group doesn’t respond as well to flu vaccination. Given the higher risk of severe flu illness and lower protective immune response after vaccination among older adults, substantial research and development have led to the production of new flu vaccines, including recombinant vaccines, intended to provide better immunity in this age group.
- Learn more about the recombinant flu vaccine manufacturing process on CDC’s How Flu Vaccines are Made web page.

- More information about different types of flu vaccines can be found here.

- People who are 65 years and older also should be up to date with pneumococcal vaccination to protect against pneumococcal disease, such as pneumonia, meningitis, and bloodstream infections. Talk to your health care provider to find out which pneumococcal vaccines are recommended for you.
- Pneumococcal pneumonia is an example of a serious flu-related complication that can cause death. You can get the pneumococcal vaccine your provider recommends when you get a flu vaccine.

Half Of Americans Overwhelmed By Health Benefit Choices, Study Says

Americans are in need of education on their retirement and health savings options.

Almost one in seven Americans has absolutely no plan for their future financial and health care needs, new research suggests.

A recent study of 2,000 employed Americans found that only 26% have a one- to four-year plan in place.

And even with many believing they had factored health care costs into their future plans, seven in 10 respondents grossly underestimated the amount of money they think the average retirement-aged couple needs for health expenses.

For long-term financial goals, nearly three in five are using a 401(k) or other retirement account and 31% are leveraging a health savings account.

But despite that, nearly three-quarters of Americans admitted they had no clue how 401(k)s, health insurance or HSAs worked when they got their first job.

Conducted by OnePoll on behalf of Bend Financial, the study also discovered nearly 40% of respondents weren't well-informed about health benefits at their first professional job and were left to research the benefits offered on their own.

Moreover, more than half felt overwhelmed by the mountain of paperwork surrounding their benefit options.

More than three in five have also felt stuck in a job, but not always for obvious reasons. While nearly half feared they wouldn't be able to find a similar or better salary, 41% were afraid of losing their benefits — much more than those who feared their skills weren't transferable (22%).

Respondents noted a number of changes that could have been made to improve the role they felt stuck in. While a better salary was key for 64%, half said they'd prefer better health benefits — more than those who mentioned a better work/life balance (46%) and tuition assistance (25%).

But while an increased salary and better health benefits stand out as driving forces behind improved job satisfaction, confusion surrounding benefits still looms. More than half of respondents said they felt as though they are flooded with information about their health benefits, to the point where it's overwhelming.

That may be why 73% wish they had learned about HSAs and how health insurance works before they entered the workforce.

"Selecting benefits and understanding how high deductible health plans and HSAs work are the last things that should be stressful about anyone's job," said Bend Financial co-founder and CEO Tom

Torre. “Yet our study shows people often feel bombarded with information surrounding benefits, which can add to their stress and lead to choosing options that might not be the best fit for them short or long term.”

To better understand health benefits, most respondents consulted their parents (43%) and co-workers (42%), while only 31% reached out to HR representatives.

Respondents also shared various knowledge gaps regarding their health benefits. Of the 871 who knew what an HDHP and an HSA are, more than one in five incorrectly stated that HSAs don’t stay with you if you lose your job or insurance coverage.

And of those currently using an HSA, 62% cited lack of HSA information and knowledge as the biggest challenge they faced when opening and beginning to use their account.

“Forty-six percent of respondents who were offered an HDHP/HSA option chose to stick with a traditional health plan because they didn’t receive enough information on what HDHPs and HSAs are and how they work,” Torre added. “With employees continuing to shoulder more of the costs surrounding their health care, employers and HSA providers need to work together to provide clear, comprehensive educational tools and resources to help employees feel confident in making the best benefit choices.”

Auto insurers face mounting claims costs post-pandemic – report

Surging vehicle repair and replacement costs will significantly slash underwriting margins of the country's car and truck insurance providers as claims rebound to pre-pandemic levels, a new report by market intelligence firm S&P Global has revealed.

With restrictions easing, the firm expects the number of automobile crashes and the average cost to settle claims to "increase rapidly."

"Auto insurers provided estimated premium relief of as much as $16.4 billion to their customers in 2020 as COVID-19 curtailed commuting and leisure travel," said Tim Zawacki, principal analyst for the financial institutions group at S&P Global. "In 2022, some of those customers may face higher auto insurance rates as carriers respond to a return to normal driving patterns and claims costs continue to climb."

The report also predicts that combined ratios – the key measure of property and casualty (P&C) underwriting profitability – will normalize in the personal and auto insurance segments this year because of inflationary pressures and the sharp rise in the volume of vehicles on the road.

To address this, the study says that some auto insurance providers will implement "sizeable rate increases." Based on the data the research gathered, personal auto direct premiums written is projected to grow 3.1% in 2021 and 5.4% in 2022, with loss and loss adjustment ratio reaching 75.5% and 76%, respectively, during the period.

The research expects commercial auto premiums to rise 14.2% in 2021 before dropping to 8.4% next year.

The study also suggests greater use of technology will benefit auto insurance providers in the long-term. The advantages include increased consumer acceptance of telematics and continued deployments of advanced equipment across the domestic vehicle fleet.

Insurers, however, must first address the "near-term volatility" brought by the COVID-19 pandemic, the report added.

SOCIAL SECURITY ANNOUNCES 5.9% BENEFIT INCREASE FOR 2022

Press Release

Wednesday, October 13, 2021
For Immediate Release

Mark Hinkle, Press Officer
press.office@ssa.gov

Social Security Announces 5.9 Percent Benefit Increase for 2022

Social Security and Supplemental Security Income (SSI) benefits for approximately 70 million Americans will increase 5.9 percent in 2022, the Social Security Administration announced today.

The 5.9 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 64 million Social Security beneficiaries in January 2022. Increased payments to approximately 8 million SSI beneficiaries will begin on December 30, 2021. (Note: some people receive both Social Security and SSI benefits). The Social Security Act ties the annual COLA to the increase in the Consumer Price Index as determined by the Department of Labor's Bureau of Labor Statistics.

Some other adjustments that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to $147,000 from $142,800.

Social Security and SSI beneficiaries are normally notified by mail starting in early December about their new benefit amount. Most people who receive Social Security payments will be able to view their COLA notice online through their personal *my* Social Security account. People may create or access their *my* Social Security account online at http://www.socialsecurity.gov/myaccount.

Information about Medicare changes for 2022, when announced, will be available at www.medicare.gov. For Social Security beneficiaries receiving Medicare, Social Security will not be able to compute their new benefit amount until after the Medicare premium amounts for 2022 are announced. Final 2022 benefit amounts will be communicated to beneficiaries in December through the mailed COLA notice and *my* Social Security's Message Center.

The Social Security Act provides for how the COLA is calculated. To read more, please visit www.socialsecurity.gov/cola.

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