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**In this issue: Medicare costs, grandparent 529s, women as investors, Social Security timing**

## Rising costs affect Medicare premiums

Medicare Part B premiums and the surcharges for higher-income enrollees will increase by one of the highest amounts in Medicare's history. The standard premium will increase by \$21.60/month to \$170.10.

Rising costs due to the pandemic and uncertainty about the utilization of the new Alzheimer's drug Aduhelm mean that Medicare must increase its reserves to meet anticipated costs, as required by law.

The roughly 7% of Medicare beneficiaries who are higher-income (individuals with modified adjusted gross incomes – MAGIs - of \$91K or more, and couples with MAGIs of \$182K) will pay surcharges ranging from \$68 - \$408/month in addition to the standard premium. They can also expect to see increases in the cost of their drug plans.

Social Security's 5.9% cost of living adjustment will more than offset the Part B increase for the average retired worker, who can expect their benefit to increase by about \$90/month (\$144 for average couples). But those receiving the lowest benefits will find their adjustment will probably not leave much left over after covering the Medicare increase.

The cost of living adjustment is based on the Consumer Price Index, which measured 6.2% at the end of October 2021 compared to the same period for the prior year. Among other things, it included the cost of food (5.3% increase), gasoline (49.6%), used cars and trucks (26.4%), electricity (6.5%), and medical care services (1.7%).

## New rules for grandparent 529 plans

Up until recently, owning a 529 plan to help with your grandchild's college or private K-12 education expenses posed a conundrum. Withdrawals from the plan for college expenses had to be included as untaxed student income on the following year's FAFSA (Free Application for Federal Student Aid) form, which often significantly reduced the eligibility for student aid.

Recent changes approved for FAFSA mean that grandparent plans and distributions from those plans will eventually not need to be reported (though some private colleges that use the CSS Profile form may still include them). Note that the currently available FAFSA form does not yet include this change. The updated form, previously scheduled for release in October 2022, is now expected to be available in time for the 2024 – 25 award year.

If you are considering helping a grandchild by opening a 529 savings plan account, consult your advisor about the federal and state tax implications of your contributions to the plan and how best to strategize your gifts.

## (They drive better, too)

We picture the best-known examples of success in the financial world as being overwhelmingly male, but Fidelity's recent study of its customer accounts belies that stereotype: women are better investors than men.

Fidelity analyzed over 5 million accounts managed by account holders over a recent ten-year period, and found that women on average earned 0.4 percentage points annually than men, a modest figure that can result in thousands of dollars over time. The secret: *women tend to trade half as much as men do.*

Twenty years ago, another study proved that those who trade most often earned annual returns of 6.5% *less* than the stock market's performance. The researchers found a similar relationship at that time between trading, gender, and underperformance. Yet women's confidence in their ability as investors lags far behind their actual performance. Fidelity reports that when surveyed in 2021, just 14% of women described themselves as knowledgeable about investing and saving, and 33% expressed confidence about their investment decision-making.

How to account for this discrepancy? Ron Lieber in his *New York Times* article ["Women May Be Better Investors than Men. Let Me Mansplain Why"](#) cites experts who chalk it up to 1.) testosterone, which can lessen fear, increase greed, and heighten men's overconfidence in their trading abilities; and 2.) for many women, acting confidently in an arena top-heavy with aggressive and risky behavior and mysterious jargon is a challenge to traditional social roles.

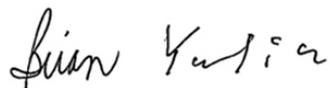
## Now or later?

If you're approaching the magic age of 62 and are contemplating taking your Social Security benefits, consider these arguments.

One theory suggests that claiming the benefit early and investing it to take advantage of market returns over a longer time period is the best bet. The other theory opts for waiting for one's full retirement age (currently 67), or even longer, until 70, to claim the higher benefit amount, though you will receive it over a shorter period of time.

The long and the short of it is that most advisors will counsel you to hold off receiving benefits as long as possible. Consistent returns in the U.S. investment market are not guaranteed, but an annual increase in your monthly check if you delay claiming *is* guaranteed – by 8%/year. Not only that, but Social Security benefits are protected against inflation, and the larger the benefit amount, the larger the annual increase to meet inflation that will appear in your monthly check. If you would like to play with the numbers, check out the [calculators](#) on Social Security's website.

Happy and safe holidays,



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