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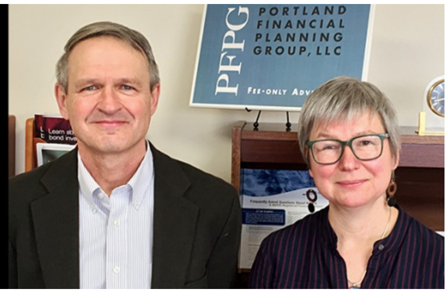

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In this issue: ESG funds, Medicare changes, market predictions, credit card delays, 529s

Not so great for doing good?

What looks like a change of heart on Wall Street – the establishment of ESG mutual funds that focus on companies that support environmental protection, social justice, and ethical management practices – may be doing more good for shareholders than for the world.

According to Hans Taparia in *The New York Times*, ESG is a "sham." Investment managers who construct ESG funds for financial institutions like Vanguard and BlackRock rely on rating agencies to score companies, presumably on the company's level of social or environmental responsibility. Instead, the ratings are measuring whether ESG factors are affecting a company's financial performance. An example: McDonald's ESG rating went up because their changes in handling waste and packaging reduced risk to the company's bottom line. However, McDonald's 16% increase in greenhouse gas emissions over a 5-year period didn't affect its ESG score negatively, because it created no financial risk for the company. The "lenient" rating system sets a low bar for a company to be rated as ESG, which is why 90% of stocks in the S&P 500 can be found in ESG funds. Facebook? BP? Exxon? Seriously?

Also, rating agencies have varying approaches and methodologies – one may focus on energy efficiency, while another may focus on human rights or labor practices. Some rely on data (publicly disclosed, collected independently, or provided by the company); others may include on-site visits and interviews. The current inconsistent rating system allows investment firms to look good, at the same time charging higher fund fees to investors who wish to engage in "conscious capitalism."

Key Medicare changes

Good news for those enrolling in traditional Medicare or Medicare Advantage – if you miss the seven-month initial enrollment period, you'll no longer be exposed to potentially long delays before your coverage kicks in. The 2020 Benes Act reforms assure that coverage now begins the month after enrollment. But it's still important to stay on top of when to enroll, however, as penalties for late enrollment can affect your premiums for life. As things currently stand, Medicare does not send you any reminders to enroll unless you're already receiving Social Security.

If you or your spouse are still working beyond age 65, and you're insured through your employer (COBRA doesn't count), you may delay enrolling in Medicare without penalty. However, if you work for a company with 20 or fewer employers, you must enroll at 65 or be subject to lifetime penalties.

The Inflation Reduction Act has established a hard cap of $35/month for out-of-pocket insulin costs for Medicare enrollees. The law wasn't passed in time to update Part D plan finder tools, so insulin users should take note that all of 2023 is a special one-time enrollment period for making Part D plan changes. Call 1-800-MEDICARE or contact your local Agency on Aging if you need help.

Other benefits from the Act: adult vaccines covered under Part D are free – yes, free – including the pricey shingles vaccine. And pharmaceutical companies that raise drug prices above the rate of general inflation will either pay rebates to Medicare or face penalties.

Beware of the crystal ball

The old saying about Maine's weather: wait fifteen minutes, and it will change. In recent times, the behavior of the market has been equally unpredictable. If you follow the news, and you're tempted to think you know lies ahead, Jason Zweig of *The Wall Street Journal* suggests you should be on guard against heeding predictions and relying on certainties. He writes that "beliefs that had come to feel like eternal truths – inflation is dead, interest rates will stay lower for longer, there is no alternative to stocks, giant technology companies will never let investors down, and so on – have been blowing up in people's faces." So if you're considering setting aside your long-term Steady Eddie investment strategy, beware of those who say they actually know what's coming next – because no one does.

Don't lose that card!

A global semiconductor shortage has affected not only the auto and tech industries, but the issuers of microchip credit cards. New and replacement credit and debit cards are currently taking six weeks or more to arrive. Smaller issuers, like credit unions and regional banks, are feeling the crunch more than larger institutions like Chase and Discover. The delays are predicted to continue through 2023.

When a card is stolen or lost, its number is deactivated when cancelled, and a new card number is issued. To avoid replacement delays, some credit unions are advising their members to add an active card number to a mobile wallet on their smartphones (e.g. Apple Pay, Samsung Pay) as a backup card. Card numbers that expire or are replaced are updated automatically on the app in most cases.

529 incentive for Maine filers

Beginning this year, Maine residents with incomes of less than $100K single or $200K married filing jointly can receive a tax deduction of up to $1,000/beneficiary for contributions to any 529 plan. Grandma and Grandpa, get out those checkbooks!

Welcome to spring at last,

Brian Yulia

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