

Live for Today and Plan for Tomorrow

THE MANY BENEFITS OF READING

In this day and age, it seems like reading is becoming a thing of the past, what with podcasts, TED talks and YouTube videos becoming more popular vectors of information and entertainment. But a growing body of scientific literature suggests that reading actual books may be more important than we realize for enhancing certain parts of our brains and delaying the onset of dementia.

The research is still in the early stages, but when they scanned brain waves, the scientists found that when you read about a character playing tennis, areas of your brain light up as if you were physically out there on the court yourself. When you read about fictional characters very different from yourself, it boosts areas of your brain associated with emotional intelligence, which help you understand what others are thinking by reading their emotions. Researchers also found that deep reading, when you get really absorbed in a book, builds up our ability to focus and grasp complex ideas.

Just learning to read, as a child, has profound impacts on brain development, creating a specialized area in your left ventral occipital temporal region, increased verbal memory and thickening your corpus callosum, which is the information highway that connects the left and right hemispheres of your brain. Exposure to vocabulary through reading leads to higher scores on general tests of intelligence for children.

Research published in Neurology also suggests that regular reading may slow the inevitable decline in memory and brain function as we age. Frequent brain exercise—deep reading, but also playing chess or working puzzles—was shown to lower mental decline by 32 percent. And people who engaged in brain exercise were 2.5 times less likely to develop Alzheimer's disease than those who were not.

Anything else? A 2009 study by researchers at Sussex University found that reading can reduce stress by as much as 68 percent. Losing yourself in a thorough-

ly engrossing book can help you escape the worries and stresses of the everyday world, by participating in the domain of the author's imagination.

The bottom line is that reading isn't just a way to cram facts into your brain, no matter what your high school teachers may have told you. It's a way to continuously rewire your brain to become more effective and efficient, to strengthen your ability to imagine alternative scenarios when you make decisions, to remember details and think through complex problems. It doesn't just make you more knowledgeable—you can get that from a TED talk. Reading makes us all functionally smarter.

Sources:

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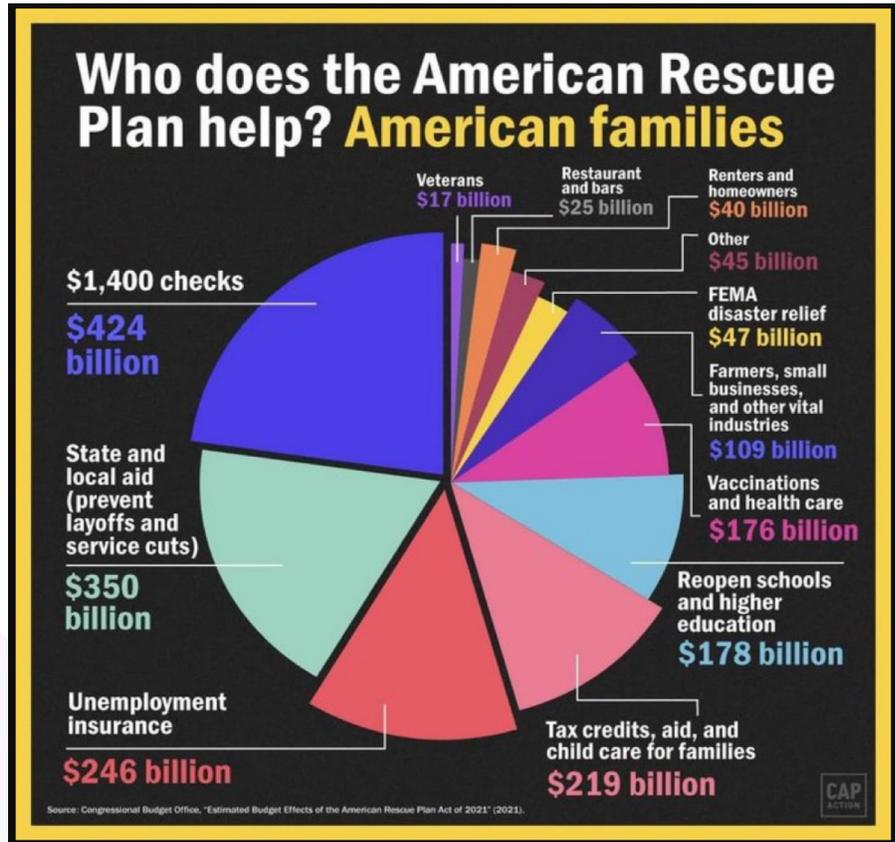
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COVID RELIEF FROM CONGRESS

There's a lot to unpack in the newly-passed, newly-signed American Rescue Plan bill, beyond the fact that the government is once again sending checks out to American families. The goal is to help relieve the economic suffering caused by the COVID pandemic in a variety of sectors. The bill makes unemployment benefits more generous, health insurance more affordable, having children less expensive, and reduces the pandemic's most damaging effects on low-income homeowners and the homeless, people with student loans, state and local governments and school systems.

Most of the press coverage has focused on the \$1,400 checks that are being sent out as you read this. Not everybody is receiving them. Only single people with an adjusted gross income of \$75,000 or below (households with \$150,000 AGI or below) qualify for the full amount, and the amount phases out completely for people with incomes above \$80,000 (households with AGIs above \$160,000). The reporting period is the most recent year that people filed taxes; it could be 2019 or 2020.

The new law also extends unemployment benefits (either through the Pandemic Unemployment Assistance program or the Pandemic Emergency Unemployment Compensation program) for an additional 25 weeks, until September 6, and maintains the \$300 per week supplemental benefit. It also makes the first \$10,200 of those benefits tax-free for people who report less than \$150,000 in



income, and the extra \$300 federal supplement doesn't count when calculating eligibility for Medicaid and the Children's Health Insurance Program.

The healthcare provisions will be a lifesaver for some ex-employees. Under the government provisions in COBRA, people who are laid off from their jobs are allowed to continue buying health insurance through their former employer, but they pay full-price rather than the subsidized price companies offer to their

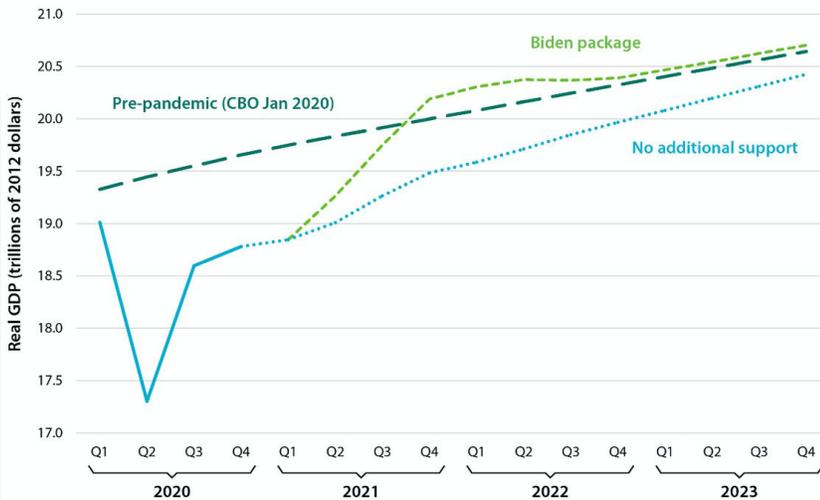
workers. The new relief bill would have the government pay the entire COBRA premium from April 1 through September 30, making health insurance much cheaper for those laid off than those who are still working. (This generous subsidy is not available for persons who left their job voluntarily.) Finally, the law imposes a cost cap on health insurance policies purchased through a government exchange; the premiums could not exceed 8.5% of a person's adjusted gross income, which will benefit low-wage workers.

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FIGURE 1. Projections of Real GDP: Biden Package, Path with No Additional Support, and Pre-Pandemic Path (CBO Jan 2020)



Source: Congressional Budget Office January 2020; Bureau of Economic Analysis; authors' calculations.



Families with children will receive additional benefits—but only families whose income qualifies them for the \$1,400 checks. The bill raises the child tax credit from \$2,000 to \$3,000 (\$3,600 for children ages 5 and under), and it raises the age limit for qualifying children to 17, from 16 previously. These amounts could be received as a tax refund even for people whose tax bill is zero; that is, who don't have reportable income to offset. Families with incomes between \$150,000 and \$170,000 would receive the same \$2,000 tax benefit as before, and that benefit phases out for married filers with

incomes over \$400,000 (singles above \$200,000).

A bigger set-aside for families with children is a monthly child allowance—that is, monthly checks from the government—of \$300 for each child under the age of 6, and \$250 for each child between the ages of 6 and 17.

The bill sets aside \$27 billion for financial assistance to people for individuals whose household income does not exceed 80% of the area median income, to offset rent, utilities and other housing expenses. \$10 billion is set aside to help homeowners struggling to make mortgage payments, and \$5 billion is allocated to help the homeless.

Finally, if the Biden Administration decides to cancel student loan debt (which is not a given), the Act specifies that the borrowers wouldn't have to pay any income taxes on the forgiven debt.

You can see from the chart, with figures compiled by the nonpartisan Congressional Budget Office, that there is also money set aside to keep restaurants and bars afloat, money to help schools better control the risk of infection so they can reopen, and \$350 billion going to state and local governments to prevent layoffs and allow them to continue providing essential services.

The bill is being called a stimulus measure, but it might be better characterized as disaster relief. A graph prepared by the Congressional Budget Office (shown here) makes it clear that the U.S. economy was on a path to never quite recover from the COVID recession before this legislation passed. With the legislation, the best estimate is that the economy might fully recover as early as the 4th quarter of this year.

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HIGH PRICES, LOW RENTS

We are definitely living in strange times, with a year of pandemic, microscopically low interest rates, a soaring stock market and everybody walking around looking like bank robbers. And so there were bound to be odd distortions in different sectors of the economy.

One of the most interesting is found in the U.S. housing market, where home values have increased, throughout the pandemic, in every one of the 100 largest metropolitan areas. That isn't the strange part; what has economists and real estate experts puzzled is that while we are in a boom in the value of homes, rental prices are falling by double digits in some of the richest cities in America—places like New York, Boston, San Francisco, Washington, D.C., Chicago, Austin and Seattle. In San Jose, California, for example, home prices went up 14% last year, while the area's rents dropped by 7%.

That's not supposed to happen. Normally, when homes become more expensive, the people who invest in them raise the rents. But

during the pandemic, the fortunes of the richest Americans (who are the owners of rental homes) and the poorest Americans (who rent because they can't afford to buy a home) have diverged dramatically. In the last year, many middle- and higher-income households took advantage of low mortgage rates to buy their first and second homes—and many of them moved out of the city environment, in part because they no longer have to come into the office. These families were competing to purchase these homes with their peers, and many were looking to move into a bigger space, with extra rooms that could be converted to home offices.

Meanwhile, young college graduates have waited out the pandemic at a parent's house, and transit residents have moved out of the cities and are working remotely in lower cost rentals in the countryside. The exodus from the major (and expensive) cities was unexpected but logical in hindsight.

The rent/own divergence highlights how the plague has disproportionately impacted lower

income and hourly workers, and young laborers who left college looking for a job. The silver lining, however, is that the lower demand for rental real estate in the larger cities, and the correspondingly lower rental asking prices, is luring more younger and middle-class residents back into the urban environments. Downtown living in New York City has never been so affordable—which may be one of the strangest outcomes of a very strange 12 months.

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HIGHER COSTS, HIGHER PRICES

There may be an inflation driver hidden in one of the most interesting consequences of our year-long global pandemic. Americans stuck in their homes have sent off a surge of orders from factories in China. These items are carried across the Pacific in intermodal shipping containers (think: the back of a tractor-trailer, except without wheels). This surge in demand for exercise equipment, video game consoles and pastry mixers has caused the containers to pile up at American ports, while China and Asia in general are experiencing container shortages. At the same time, the pandemic and its restrictions have limited the availability of dock workers and truck drivers, causing serious delays in

handling cargo on both sides of the Pacific.

Making matters worse, international air travel has been severely constrained, as most countries are not accepting tourists who might bring the COVID virus with them. Passenger planes that once carried passengers above decks and cargo below are grounded, shunting even more shipping volume into ocean containers.

The ripple effects of these disrupted shipping chains are now being felt in higher costs for transporting American grain and soybeans, Asian-manufactured flat panel displays and smartphones, an unprecedented amount of disinfectants, and have generally driven up the costs of just about everything that is

grown or made somewhere other than where it is ultimately purchased. The last three months of 2020 saw shipping prices rise to heights never before recorded—and that doesn't project to change, now that shipping containers are all piling up in the wrong places. The backlog in volume is expected to remain until mid-summer, with inflationary pressures building as the sellers of food, electronics, exercise equipment etc. raise prices to cover their shipping costs.

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TRAVEL INSURANCE BASICS

Someday, maybe before long, it will become normal again to get on a plane, and the more daring of us might even decide to travel outside the United States. But as we ease back into long-distance vacations, there is going to be an uneasy period where there are greater than normal numbers of cancellations, delays and (though we hope this never happens) the need for medical care in a foreign destination.

Enter travel insurance. A recent article on the NerdWallet website tells us that the price of a travel insurance policy ranges from 4% to 8% of the trip cost, depending on the length of the trip, the cost of medical care in your foreign destination and your age. (The older you are, the more expensive the policy.)

The most common benefit is trip cancellation coverage, which covers prepaid, nonrefundable reservations like flights, hotels and other bookings if the trip is cancelled because of an unforeseen event. The covered reasons might include extreme weather, job ter-

mination, jury duty, of you incur a serious injury or hospitalization before the trip. Due to the disruption in air travel, there may simply be situations where the airline has cancelled the flight.

These provisions are spelled out in the contract, but if you want more coverage, there are “cancel for any reason” policies that allow you to cancel your trip for any reason and get at least a partial refund of your nonrefundable deposit. Typically, you have to invoke the clause at least two days in advance of the trip date. The article suggests that some travelers might back out of an upcoming trip because they’re nervous about catching the COVID virus, which would not be a covered reason under a normal policy.

Some people already have cancellation coverage through a premium travel credit card, or they may have made reservations that are refundable. If they’re traveling internationally, they could purchase a supplement like stand-alone travel medical insurance, which specifically protects you in

the event of unexpected injuries or illnesses while you’re abroad.

Which policies are best? The ConsumersAdvocate website lists policies for each state, with links to its top-rated providers, including travelinsurance.com, Trawick International, SquareMouth Travel Insurance, RoamRight and General Global Assistance. travelinsurance.com and SquareMouth allow you to compare plans from major insurers in one place; the others provide their own policies. You list the cost of your trip, your destination, number of travelers, ages and your country of residence, and the sites give you a quote. And even if you’re not shopping for coverage, these sites also offer updated Coronavirus advisories on potential travel destinations.