

SRES[®] MARKETPLACE

CONSUMER NEWSLETTER

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Inflation Reduction Act Benefits for You

In August, President Joe Biden signed the Inflation Reduction Act (IRA), a new law that has implications both for your medical costs and housing.

Two major medical provisions in IRA include:

- **Prescription drug prices** – Starting in 2025, Medicare recipients will see a \$2,000 cap on annual out-of-pocket prescription costs. In addition, Medicare will be able to negotiate prescription drug prices, meaning that you may see a drop in your drug costs.
- **Insulin** – If you're on Medicare and have diabetes, you'll see costs for insulin capped at \$35 for a month's supply.

See the Kaiser Family Foundation (<https://bit.ly/3CwdYUI>) for an implementation timeline of IRA's drug provisions and the impact they'll have on Medicare beneficiaries nationally and by state.

There's also a strong focus on energy and climate, and the IRA pours about \$369 billion into combating climate change and embracing clean energy for homes, businesses, and communities.

For you, it's an opportunity to opt for cleaner energy to power your home and reduce your carbon footprint. That means transitioning away from fossil fuels (gas stoves and furnaces, for instance) to those that run on electricity.

How does all that look at home?

You can opt to go all-electric by installing things like heat pumps for heating and cooling, induction cooktops, and tapping renewable energy – solar and wind, for example.

It also entails reducing your electrical load by making energy-efficiency upgrades: improving home insulation, installing skylights, upgrading your windows, and choosing efficient home appliances to help you cut energy consumption.

Still, making such upgrades can be expensive.

IRA will offer several financial incentives for you to make environmentally friendly home upgrades that also will save you money in the long run.

For instance, it will provide a 30% tax credit for homeowners who invest in clean energy systems: solar electricity, solar water heating, wind, geothermal heat pumps, fuel cells, and battery storage.

According to the U.S. Department of Energy, the average household will be able to get a credit for residential solar electricity of about \$7,500, for instance. That investment in rooftop solar could save \$400 annually on electric bills and \$9,000 over the system's lifetime.

Those on a tight budget also can benefit from the new legislation. As an example, those in low- and -moderate-income households will be able to get instant rebates for efficient equipment that includes:

- Up to \$8,000 for a heat pump for heating and air conditioning,
- \$1,750 for an efficient heat pump water, and
- \$1,600 for improved insulation to prevent energy waste.

Also, if you've been interested in driving an electric vehicle (EV), there will be incentives for swapping your gas-powered car for an EV. They are:

- A tax credit of up to \$7,500 for the purchase of a new clean vehicle
- A tax credit of up to \$4,000, and for the purchase of a used EV

You also can get up **to \$1,000 towards the cost of adding an EV charger at home.**

Additional resources:

Find more in-depth details about the Inflation Reduction Act.

- **Fast Company** (<https://bit.ly/3wxGv87>)
- **Kiplinger** (<https://bit.ly/3AquK4r>)
- **U.S. Department of Energy** <https://bit.ly/3dZJ1O6>
- **White House** (<https://bit.ly/3cmM96d>)

Learn more about IRA at the SRES blog.

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8,000 Days

Retirement. You spend 40-plus years stashing money away for it. During your worst days at work, you crunch the numbers to see how close you are to your goal and fantasize about travel, hobbies, second homes, and hanging with the grandkids.

But step out the office door for the last time, and you, like many, walk into a different reality.

It turns out that you don't have a hobby. The grandkids want to hang out with their friends. And really, how much traveling can you do?

Without the built-in work structure, you may struggle with the amount of time on your hands.

Joseph F. Coughlin, director of the Massachusetts Institute of Technology AgeLab, suggests thinking about and planning for how you want to spend the next 8,000 days. That's about the number of days – it adds up to 20 years – a 65-year-old who's leaving the workforce can expect to spend in retirement.

Creating a satisfying retirement is more than having enough money, though that's a significant consideration. It's also about identifying what you want retirement to look and feel like – your reason for getting up in the morning – and finding meaning and fulfillment.

The MIT AgeLab and Hartford Funds offer a workbook to help you plan for retirement and sketch out your future to make the most of those 8,000 days.

It divides retirement into four phases:

1. The Honeymoon Phase
2. The Big Decision Phase
3. The Navigating Longevity Phase
4. The Solo Journey Phase

The workbook walks you through each phase with comments and questions to help you plan.

For example, right when you retire, during the honeymoon phase, you may want to consider part-time work, either to bring in extra cash or to have someplace to go a couple of times a week.

Some questions include:

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What are you looking to do in this next career phase?
If you were to try a different occupation, which field would it be?
What part-time jobs would you consider, and how can you use your skills?

During the big decision phase, it's time to look at your living arrangements:

- Where will you live?
- Is downsizing appealing, or do you plan to age in place?
- If you want to move, when do you want to go? Closer to family? Do you want to buy or rent?

It's also the time to think about your purpose and to consider questions, including:

- What types of civic, arts, cultural groups, and outdoor activities interest you?
- What volunteer and educational opportunities are available in your city?
- Do you want to mentor students?

In phase three, navigating longevity, it's time to consider aging risks like health, mobility, and cognitive problems.

Is your paperwork, including a power of attorney and wills, in order? Can family members access essential health information, finances, and passwords in a crisis?

If you plan to age in place, how will you do it safely? What service providers are available for lawn care, home maintenance, grocery shopping, and personal care? How much will it cost?

During the Solo Journey phase, you may face losing a spouse and figuring out how to live solo.

Considerations include:

- Who can you rely on for support, and how will you create a fulfilling life alone?
- Will you move in with family or into an assisted living facility?
- How will you stay socially engaged?

See the complete workbook at <https://bit.ly/3KnBh4m>.

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