



FINANCIAL Insights



Our Post-COVID Society

Fast Company magazine asked six experts to predict how our economic landscape will be changed—perhaps forever—by the COVID-19 pandemic that we’re all experiencing now. Sarah Miller, executive director of the American Economic Liberties Project, says that the pandemic has exposed the extreme (some would say dangerous) market power of Amazon in retail sales, and how Facebook and Google have monopolized advertising. (The plight of Amazon warehouse workers has particularly caught her attention.)

Her prediction: growing awareness of this and other market concentrations will lead voters to ask their elected representatives to pause mergers and look more closely at how trade agreements benefit the largest corporations and entrench their power.

Demond Drummer, executive director of New Consensus, believes we might see changes in how the government and public institutions make investments in the economy. Last February, it was hard to make the case that we needed a jobs program in this country, even though many Americans were stuck in low-wage positions. Post-COVID, he expects to see a focus on the quality of jobs rather than the raw unemployment number. In addition, the fact that so many Americans lost health insurance when they were laid off by their employers suggests that we’ll see increasing voter demand for universal health care.

Beyond that, Drummer envisions more infrastructure projects around clean energy and more companies manufacturing at home rather than outsourcing to Asia and Latin America.

David Autor, professor of economics at MIT, foresees major changes in the hospitality industry, driven by what he sees as a permanent reduction in business travel. With more comfort with Zoom meetings, he adds, workers will be spending less time in offices, which means fewer people eating lunch at metropolitan restaurants. As a way to jump-start the economy, Autor proposes that the government spend 10% of GDP on a Marshall plan to rebuild American infrastructure,

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invest in schools, and make the unemployment insurance system more comprehensive, by adding new skills training.

Rebecca Henderson, an economics professor at Harvard Business School, sees government spending as the hero of the economic meltdown we are experiencing, and thinks that there will be a newfound realization that government should be a solution, rather than a demonized impediment to economic growth. In addition, a newfound interest in addressing environmental damage and economic inequality will lead to new labor market policies and what Henderson calls “appropriate regulation.”

Former Presidential candidate Tom Steyer, founder of NexGen America, says that the pandemic has exposed what was hidden before: the under-resourced black and brown communities that bore the brunt of the disease. He envisions new government policies that will provide equal access to high-speed internet, retraining and rescaling low-wage workers.

Economist Stephanie Kelton at Stony Brook University says that healthcare will finally be disconnected from employment as a result of 40 million lost jobs. She proposes that the budget deficit grow as big as it needs to get to heal and repair and rebuild a new and better economy. She says: “The last thing I want is to watch everything come apart and then pick up the pieces and try to reassemble them exactly the way they were assembled before. You want to put it together differently: You want to build better, build smarter, build safer, build stronger, build more resilient.”

None of these people claimed to know the future, but the common thread is that they want the medical, social and economic crisis that we are experiencing now to lead to something better. It will be up to all of us to define “better” as we rebuild our lives and economy.

Source:

<https://www.fastcompany.com/90506269/6-experts-on-how-capitalism-will-emerge-after-covid-19>



Health Care Spending

When you create your retirement plan, and look at how much you expect to spend on food and shelter, greens fees, cruises and restaurants, what do you estimate you'll spend on medical and healthcare services?

Every year, the Milliman insurance industry consulting firm issues a report that estimates the average cost of health insurance and copays across the population of Americans. The most recent study looked at couples who are assumed to live to age 88 and 90, respectively, and takes into account premiums and out-of-pocket expenses for a Medicare Part D plan and Medicare Supplement Plan G, assuming that medical costs overall will rise 4.9% a year.

The result? A healthy 65-year-old couple retiring in 2020 would be projected to spend \$351,000 in today's dollars on healthcare over their lifetime; \$535,000 in future dollars. A healthy 45-year-old couple would be projected to spend \$505,000 in today's dollars—\$1.4 million in future dollars.

It is important to note that this is an average, which means for people who experience significant health conditions, the numbers will be higher. And for people who manage to stay healthy until the day they die in their sleep without requiring extensive medical care or hospitalization, the costs could be much lower. But the average expenses—34% of a couple's Social Security benefits in their early years of retirement—might come as a shock to some people, and should cause some to revisit their retirement spending assumptions.

-Bob Veres

Source:

<https://401kspecialistmag.com/this-is-how-much-retiring-couples-will-spend-on-healthcare/>

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