

BottomLine

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PERSONAL

HEARD BY OUR EDITORS

Assumable mortgages are a rare but hot commodity, says Greg McBride, CFA. In this high interest rate environment, sellers have a competitive advantage if their lower-rate mortgages can be passed on to buyers. *But:* Buyers must purchase the seller's equity—the portion of the price of the house the seller has already paid. Assumable mortgages are available on government-backed loans—FHA and VA—and in instances of inheritance or divorce.

Greg McBride, CFA, is a chief financial analyst at Bankrate.com, Palm Beach Gardens, Florida.

Insomnia increases stroke risk, warns Wendemi Sawadogo, MD, MPH, PhD. *Recent finding:* Persistent insomnia is associated with a higher risk for stroke—51% higher for severe insomnia and 16% for those whose insomnia was less severe. The link is strongest for people under age 50. Hypertension, depression and cardiovascular disease exacerbate



the association, but insomnia appears to be an independent risk factor.

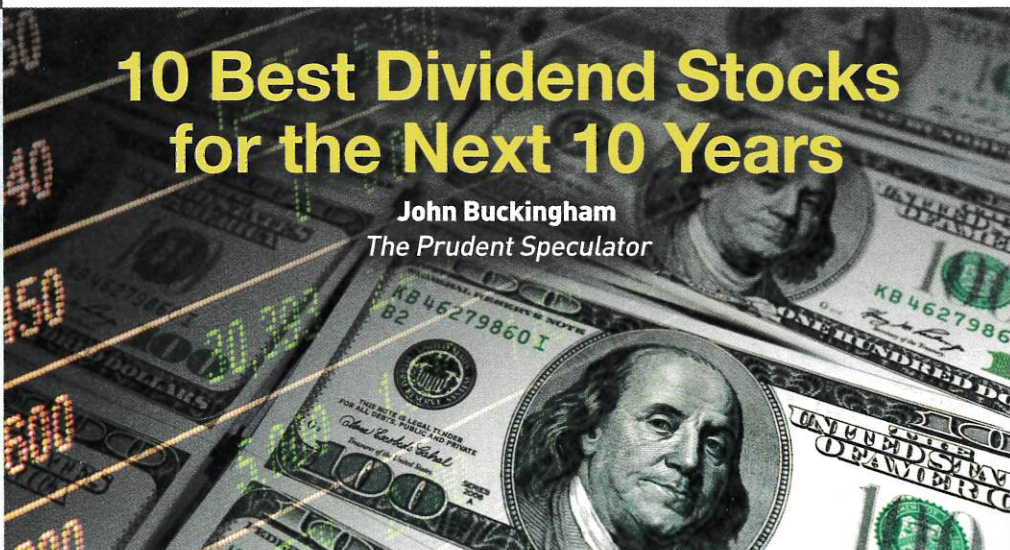
Wendemi Sawadogo, MD, MPH, PhD, is an epidemiologist at Virginia Commonwealth University, Richmond, and coauthor of a study of 31,000 adults published in *Neurology*.

Retailers are tightening rules for returns, reports consumer advocate Edgar Dworsky. Many retailers had been offering free returns by mail to encourage online shopping. But now about two-thirds charge fees for at least some returns—such as shipping/restocking fees when returns are made by mail—according to a survey by retail software company goTRG. Retailers including Gap and J. Crew have tightened their return windows. *Best:* Review retailers' return rules before making purchases. Make returns in person when possible—restocking fees remain relatively uncommon with in-store returns.

Edgar Dworsky is former Massachusetts assistant attorney general and founder of the consumer-education websites ConsumerWorld.org and MousePrint.org.

10 Best Dividend Stocks for the Next 10 Years

John Buckingham
The Prudent Speculator



Now that you can get a 5% yield on a short-term US Treasury bond, is it even worth considering dividend-paying stocks? Top asset manager John Buckingham says it is essential if you are a long-term investor. He believes dividend stocks are tailor-made for the post-pandemic era, which analysts say will be characterized by low stock market returns and very high inflation and market volatility.

Reasons: When your short-term Treasuries mature, you'll have to reinvest at rates that could be far less attractive. A good dividend stock, on the other hand, can grow its payout year after year so you don't lose purchasing power. In addition, dividend stocks tend to lead the stock market in periods of high inflation, and that's when investors value those steady earnings and robust cash flows. Dividends have accounted for nearly 40% of stock market returns since the 1930s, but 54% during decades when inflation has been high. Finally, while share prices on dividend stocks may dip if we have

a recession in the next year, dividend income will keep rolling in, and history suggests dividend-payers are likely to drop less in price than nondividend payers or the overall market.

Bottom Line Personal asked Buckingham how he picks dividend stocks and to name some of his favorites...

MY FAVORITE DIVIDEND-PAYERS

When focusing on dividend stocks, I look for four characteristics...

Bargain-basement prices. I want to buy at attractive valuations relative to a stock's own long-term history and/or at a substantial discount to our fair-valuation target, which incorporates future growth estimates. >>

Secrets Inside

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Bottom Line Personal interviewed John Buckingham, principal and portfolio manager at Kovitz, which manages \$7 billion in assets, Aliso Viejo, California. He is editor of *The Prudent Speculator*.
ThePrudentSpeculator.com



Editor's note

Insurers Exploiting Medicare



Most large Medicare Advantage insurers, including UnitedHealth Group, Kaiser Permanente and Humana, have been accused of fraud by whistleblowers, the US government or the Inspector General of the Department of Health and Human Services (HHS). I asked Maura Carley, CEO of Healthcare Navigation, LLC, how this happens and why it matters to all of us.

The federal government pays Medicare Advantage providers an amount for each enrollee. The sicker the patient, the more the government pays. But insurers get to pocket any money not spent on the enrollee's care and administrative services. That's where, according to government authorities, too much creativity in documenting risk factors has occurred. Recent lawsuits allege that Advantage companies are making patients' health look worse so the companies receive more government money. The insurers have denied the accusations.

An incorrect diagnosis on your record is unlikely to cause you harm, but when the government overpays, we all end up paying more. By one estimate, Medicare Advantage overbilling could cost taxpayers as much as \$25 million—more than NASA's budget or that of the FBI.

What to do: You can access your medical records through electronic medical record providers. Periodically review your record. If anything appears incorrect, raise it with your doctor and ask that it be corrected. If you suspect your insurer is engaging in fraudulent practices, report it to HHS at 1-800-HHS-TIPS.

Kelli McCourt

E-mail me at Kelli@Belvoir.com.

P.S. The annual Medicare enrollment period is coming up. See our September 1 issue to learn about your options and how to make the right choice!

Photo: Mariana Semenza.com

>> Safe, growing dividends. The company should pay a dividend yield substantially higher than that of the S&P 500 (recently around 1.6%). Its underlying free cash flow should be strong enough to raise its dividends regularly and prevent them from being cut even in rough economic times.

Long-term viability. The company should be among the leaders in its industry... have sustainable competitive advantages such as powerful brand recognition or patented technology... and have the ability to not only survive economic turmoil but to thrive on the other side of the business cycle.

Sector diversity. I don't limit my holdings to traditional dividend-paying sectors such as telecommunications and utilities. Many consumer-goods, energy, financial-services, health-care and technology companies offer generous payouts as well.

The 10 stocks below meet all these criteria and have a recent average yield of 4.2%. They can work together as the income-producing part of a diversified portfolio...or you could choose some of them individually to increase stability and improve your income.

Amgen (AMGN) is one of the world's largest biotech companies with a dividend payout that has risen more than 450% over the past decade. Its current stable of drugs include nine blockbuster products (at least \$1 billion in annual sales) in numerous therapy areas such as immunology, bone health and oncology. Amgen also has newer growth products such as the asthma drug Tezspire, as well as 50 ongoing clinical trials. *Recent yield:* 3.57%. * *Recent share price:* \$227.84.

CVS Health (CVS). About 85% of people in the US live within 10 miles of a CVS pharmacy, but its retail locations are just a small part of the overall ecosystem that the company is creating. CVS serves nearly 40 million customers through its Aetna division, a health insurance benefits manager...and it keeps expanding

*Performance figures are through July 17, 2023.

Top Takeaways this issue

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its primary-care options with major acquisitions, including Signify Health, a network of more than 10,000 clinicians that provide in-home visits. *Recent yield:* 3.55%. *Recent share price:* \$71.17.

HF Sinclair (DINO) is a "downstream" energy powerhouse. It doesn't produce crude oil. Instead its refineries around the US process about 700,000 barrels a day into gasoline, diesel fuel,

asphalt and specialty lubricant products. Downstream companies tend to have fairly stable profit margins no matter how much oil prices fluctuate because they can raise their own prices when the cost of oil soars. *Recent yield:* 4.10%. *Recent share price:* \$46.06.

Manpower Group (MAN) is one of the world's largest staffing services companies—it places tens of thousands of temporary and permanent workers in 80 countries around the world each day. A persistently tight labor market in the US will benefit Manpower in the coming years, but its real strength, along with its geographic diversity, has been its ability to weather all types of economic cycles over its 70-year history. *Recent yield:* 3.71%. *Recent share price:* \$85.28.

MetLife (MET) provides a variety of insurance and financial-services products, including life, health, dental and disability insurance and annuities in nearly 50 countries. In the US, it dominates the market for providing group benefits to large corporate employers. Rising interest rates eventually will boost MetLife's investment portfolio where it puts to work billions of dollars in float from premiums collected. *Recent yield:* 3.79%. *Recent share price:* \$59.

Nutrien Ltd. (NTR). The world's largest fertilizer company produces more than 26 million metric tons of nitrogen, potash, phosphate and sulfate annually, all essential for soil fertility and crop productivity. The real opportunity is in "digital agriculture," providing farmers with data collected from satellites and historical climate patterns for their land,

allowing them to more accurately time purchases of seed, fertilizer and pesticide applications. *Recent yield:* 3.58%. *Recent share price:* \$60.61.

PNC Financial Services (PNC). Stock in this major regional bank, which has more than \$550 billion in assets, has suffered due to turmoil over a handful of other bank failures. The worries are overblown. PNC has done an excellent job of managing its balance sheet and has raised its dividend in each of the last 12 years, even during the 2020 pandemic, when many banks froze or reduced their payouts. PNC's acquisition of the US banking division of Spanish lender BBVA gives it a strong presence in lucrative banking markets such as California, Florida and Texas. *Recent yield:* 4.86%. *Recent share price:* \$127.16.

Qualcomm (QCOM) designs and manufactures wireless communications equipment and is a key contributor to the development of CDMA, a communications technology that is heavily used around the world. Although a cyclical slump in the smartphone and semiconductor markets has hurt Qualcomm's margins, I expect an eventual surge in sales and profits driven by ongoing upgrades to the 5G mobile network and communications chips needed for advanced automobile technology. *Recent yield:* 2.72%. *Recent share price:* \$123.40.

Verizon Communications (VZ) is best-known for its Fios Internet, its transition to a faster 5G wireless network and mobile phone sales. Its high-growth days are long gone, but Verizon's brand reputation has helped it build a large and loyal customer base. Its 16-year streak of annual dividend hikes is the longest in the US telecom industry. *Recent yield:* 7.09%. *Recent share price:* \$31.46.

Whirlpool Corp. (WHR). The 111-year-old company has seven appliance brands, including Whirlpool, Maytag, Amana and KitchenAid, that each generate more than \$1 billion in annual sales. Its financial fortunes are tied to the state of the global economy, particularly the state of the housing market, which should continue to rise steadily over a long period. *Recent yield:* 4.77%. *Recent share price:* \$151.70. **BLP**

Yes... You Can Fix Your Genes

Michael F. Roizen, MD
Cleveland Clinic

Do-it-yourself genetic modifications might sound like science fiction, but it turns out that we do have considerable control over our genes. We may not be able to rewrite our genetic code, but we can influence whether certain genes are switched on or off—in other words, whether or not they're producing proteins. In some cases, flipping these switches influences how quickly we age and how likely we are to develop life-altering health problems such as cancer, dementia and heart disease.

What's the secret to flipping these switches? Not surprisingly, our lifestyle decisions including what we eat and whether we remain fit. *Example:* When we exercise, it switches on a gene that makes the protein *irisin*... which induces production of the protein *brain-derived neurotrophic factor*... which has been linked to decreased risk for dementia.

We all know that it's healthy to get a good night's sleep, exercise and cut back on red meat and added sugars, even if we don't realize that doing these things can affect our genes. But researchers have discovered some less obvious gene-switch steps that are worth taking, including...

Take a sauna. People who sauna regularly outlive those who don't. A study by researchers at University of Eastern Finland compared middle-age men who took four to seven saunas per week with similar men who rarely or never took a sauna. *Results:* Those who took saunas were a stunning 40% less likely to die during the 20+ years studied. Other research by the same researchers has found that people who use saunas may be as much as 66% less likely to develop dementia.

Why it works: The sauna's high temperatures likely turn on genes that release *heat shock proteins*, a type of protein that envelops other proteins and protects them from degradation. Avoiding protein degradation is among the keys to living a long healthy life. *If you don't have access to a sauna:* Taking several hot baths—96°F or higher—a week might deliver similar benefits.

Improve your stress response by strengthening your diaphragm. The saying, "Stress is a killer" isn't entirely accurate. It is not how much stress you endure but how well you handle it—that's what affects your genes. *Example:* Your genes don't know that you're facing financial problems, but your fears about those problems trigger hormonal consequences in your body, and those consequences are the single most significant way to switch on genes associated with aging—even more than eating an unhealthy diet or failing to exercise.

Strategies for reducing the stress response and its genetic consequences include such tactics as spending time with friends...finding something that gives your life greater meaning and focusing on that during stressful stretches...and including enjoyable activities in your day. >>

Bottom Line Personal interviewed Michael F. Roizen, MD, chief wellness officer emeritus at Cleveland Clinic and chief of its Wellness Institute. Board-certified in internal medicine and anesthesiology, he has authored 195 peer-reviewed publications and served 16 years on FDA advisory committees. He is coauthor of *The Great Age Reboot: Cracking the Longevity Code for a Younger Tomorrow*. GreatAgeReboot.com

