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We May Be In The Longest Bear Market In History

How To Protect Yourself From Making It Even Longer

The longest bear market on record lasted 929 calendar days, but the current bear market may top it.

Last year proved to be one of the most challenging on record for investors. When we officially turned the page, the ageless Dow Jones Industrial Average, widely followed S&P 500, and tech-dependent Nasdaq Composite respectively fell by 9%, 19%, and 33%. All three indexes spent at least some of 2022 entrenched in a bear market.

However, a new year brings new hope that brighter days are ahead for Wall Street. **Unfortunately, history and hope are at odds with each other.**

Most Stock Market Corrections Are Resolved in Less Than a Year

By Thomas Shultz

While you might not realize it, stock market corrections -- declines of at least 10% from a recent high -- are fairly common. Since the beginning of 1950, the S&P 500 has undergone 39 separate corrections, according to data from TD Ameritrade.

The vast majority of these declines don't take long to find their respective bottoms. Not including the 2022 bear market, 24 of the previous 38 corrections since 1950 reached their troughs **(end point)** in 104 or fewer calendar days **(about 3 1/2 months)**.

Another seven corrections took between 157 calendar days and 288 calendar days to resolve. In other words, in all but seven corrections in a 73-year time span, a stock market decline has taken less than 10 months to reach its bottom.

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February

The Month Of Love...
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As of the closing bell on the first trading day of the year, the S&P 500 had spent 282 calendar days in a bear market. We're just a few days away from entering rarified territory when it comes to the length of the existing decline.

If there is a positive here, it's that the length of a stock market correction doesn't correlate with the magnitude of decline. Four of the 10 longest corrections in the S&P 500 since 1950 resulted in peak declines ranging from just 14% to 19%. Nevertheless, the existing bear market doesn't look to be anywhere near a bottom.

This May Become the Longest Bear Market on Record

There's no question that the Federal Reserve and investors (**both tenured and new**) are navigating uncharted waters. At no point in the history of our nation's central bank has it had to aggressively raise interest rates while the stock market plunges. But with the U.S. inflation rate spiking to a four-decade high of 9.1% in June 2022, taming the pace of price hikes became paramount.

Although Federal Reserve monetary policy isn't particularly useful in identifying when a stock market correction will occur or how steep the decline will be, it can be quite useful in deciphering when the stock market will find a bottom and reverse course.

Since this century began, the Fed has undertaken three interest rate easing cycles (*i.e., the nation's central bank lowered interest rates*). In each of these instances, it took the benchmark S&P 500 a long time to find its footing.

1) **January 3, 2001**: During the dot-com bubble, the nation's central bank reduced the federal funds rate from 6.5% to 1.75% in less than a year. However, it took 645 calendar days after

this initial rate cut for the S&P 500 to reach its bottom.

- 2) **September 18, 2007**: The financial crisis coerced the Fed to slash its federal funds rate from 5.25% to a range of 0% to 0.25%. But the S&P 500 didn't find its bottom until 538 calendar days after this first rate cut.
- 3) **July 31, 2019**: The third easing cycle this century saw the Fed lower its fed funds rate from a range of 2% to 2.25% to 0% to 0.25%. The S&P 500 hit its bottom during the coronavirus crash in March 2020, 236 calendar days after this first rate cut.

On average, it's taken 473 calendar days (**about 15 1/2 months**) this century for the broad-based S&P 500 to find its bottom after the central bank begins a rate-easing cycle.

Here's the challenge: The Fed is nowhere near an easing cycle. According to the Fed's "Summary of Economic Projections" (**also known as the "dot plot"**) in December 2022, interest rate easing isn't expected until sometime in 2024. If that's the case, and the S&P 500 adheres to this century's average timeline to find a bottom, we're talking about a bear market that could easily top more than 1,000 calendar days and become the longest on record. As of now, the longest bear market occurred between 2000 and 2002 and lasted 929 calendar days.

3 Smart Ways to Invest During Lengthy Bear Markets

While this probably isn't the projection you want to hear, it doesn't have to be terrible news, either. Bear markets have, historically, been an excellent time to put money to work and have allowed investors to diversify their portfolios into different asset classes to still come out on top.

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Fixed Indexed Annuities

One of the smartest moves investors can make during a lengthy bear market is to purchase Fixed Indexed Annuities. These products allow investors to eliminate any and all downside risk and still participate in market growth, just at an adjusted amount. Annuity payout factors for income are currently at 14 year highs, so purchasing one of these products to produce income in retirement hasn't been better in quite some time. **Protection against market risk, high income payouts and growth opportunities make these products a must have inside a diversified portfolio.**

Alternative Assets

There are many ways to invest, and one of the more popular and profitable ones in a top-heavy stock market are Alternative Assets. **These asset classes are not directly correlated to any day to day movement in the market and provide dividends and upside potential, depending on the underlying asset.** One of the largest sectors in the alternative asset space today is investing in multi-family. With a shortage of homes available throughout the US, along with high interest rates and double-digit single-family appreciation, the entry point for homeownership for most millennials is unattainable, leaving them no other option than to rent. Rent growth in the US over the past few years has been off the charts, and this asset class continues to provide double digit growth for savvy investors.

High Yield Online Savings Accounts

A third smart move during lengthy bear markets is to open a high yield online savings account. As the Fed continues to raise rates, one would think that the rate of earnings on standard checking and savings accounts would increase as well. In this economic cycle, that hasn't been the case, as most standard rates on checking are still near historic lows. **Online savings accounts allow for an investor to earn a higher rate of return**

(at the time of this publication north of 3%), keep liquidity and pay low to no fees. Two of the most popular options are Capital One Bank and Marcus (**Goldman Sachs**).

Retirement readiness shouldn't be left to chance. And with the right amount of research and guidance, even uncertain times such as these can pave the way for thoughtful retirement planning.

If you'd like a second opinion on your current portfolio or are getting ready to retire and would like to see what retirement could look like for you, we would love the chance to show you our skills!

Thomas Shultz

CURRENT ANNUITY RATES

February 2023

5.53%

3 Year Fixed Annuity

5.65%

5 Year Fixed Annuity

TO FIND OUT MORE

CONTACT US AT

(480) 626-0296

CORALYN'S CORNER

Every month, my corner is to keep you updated on changes in our world, AZMedicare101.org, LyfeAdvisors and our family.



Time continues to fly as we are already 1 month into 2023! I hope everyone had a great holiday season and got to spend it with the ones you love the most.

January was a busy month of cleanup, as Medicare Prescription Drug companies continue to make mistakes in processing AEP applications. Cat, now in her third season of fixing problems, seems to have it down to a science and for those who have had or are still experiencing problems, she will be your go to contact.

On the financial side, tax season is fast approaching and many of you are already asking for documents. Remember, all companies must send out 1099 and tax documents no later this year than January 31st, so over the first couple of weeks in February expect to see a lot of those arriving in your mailbox. If you can't track them down, after mid February we have access to most of them electronically so just shoot me an email or give us a call and we can get you another copy if needed.

We continue to be extremely busy and have onboarded a large number of new financial clients so far in 2023. I know I pride myself in same day responses but if I am a little behind in that, please bear with me. Thomas and I have always been the type that like to tackle the biggest challenges first, which as we all know sometimes can take more time than we expect.

We did manage to have a little fun in January, and



for the first time in quite a few years made it up to Flagstaff to enjoy some of the snow. We and our former neighbors made a day out of it and went to the sled park and had a ton of fun! We all participated, including adults, and I wish I could embed a video into this newsletter so

you could see how fast we were going (**finally all that weight Thomas has gained paid off for something**).

We also have been really proud of our son, Jackson, and his progression with band. This year he switched instruments to alto sax, which can be one of the more challenging to learn and play, but he is actually quite good and got selected to the SUSD 2023 Honor band. I'll be interested to see which path he chooses as he continues to get older, sports or music. It will be a tough choice for him as he loves both :(



Coralyn Shultz

RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we decided to try out the locally famous Crackers & Co. Café...



Crackers & Co. Café was our destination this month for breakfast. This local restaurant was founded by Steve and Veronika Luko in 1984. The concept for the restaurant was founded on the owner's European heritage belief of "from scratch cooking".



That philosophy of high standards and personable and friendly service matches the rural Tuscan ambiance of each location. There are three locations in the Valley, with two being in Mesa and one in Tempe. They are open from 7:00 am till 2:00 pm every day. The menu consists of All Day Breakfast and lunch offerings starting at 10:30 am. All locations offer take-out, pick-up, and delivery through Door Dash.

We chose to dine at the West Mesa location, and we were seated almost immediately. Our server was a wonderful, personable lady. I chose one of the seasonal offerings called the Crackers Scramble which is scrambled eggs with ham, onions, chilies, tomatoes and mushrooms. My husband chose the Meat Lover's omelet. Both came with country potatoes and toast. The country



potatoes were great, and the portions were large. As usual, he also ordered a side of French Toast. Our lovely server tried to explain to him that it was 3 large pieces of thick-cut cinnamon swirl bread and she suggested he just get one piece. But he assured her that 3 pieces wouldn't be too much for him. She looked at me without saying a word, but her eyes said everything.

When the French toast arrived at the table it wasn't large, it was **HUGE**. She stopped over to see how we were and smiled. For the first time ever, we had a take home box full of French toast. He could only eat one piece after all, just like she said.



The food was very good, and she was a wonderful waitress, but we probably won't go back. It just didn't grab me. There are some restaurants that you love the food and keep going back for the same food. This didn't do that for us. Maybe we have been spoiled because we have tried so many different places. And many of those restaurants have something special about them, whether it's the food or something about the location.

Rita Henderson

Medicare Hack #41

IRMAA SURCHARGES...

What They Are And How To Avoid Them



Premiums for Medicare Part B (*which covers doctor's bills, home health care, and medical equipment*) are pricey at \$164.90 a month, about \$1,979 a year. **But close to 10% of people with Part B get hit with a special Medicare monthly surcharge that can boost those premiums dramatically.**

That surcharge is known as an Income-Related Monthly Adjustment Amount, aka IRMAA. In 2023, it can more than triple Part B premiums to as much as \$560.50 a month or \$6,732 for the year. There's also an IRMAA surcharge for Medicare beneficiaries who have Part D plans (*prescription drug coverage*). It can be \$76.40 a month—\$912 a year—on top of Part D premiums charged by health insurers.

The IRMAA Surprise in Medicare

IRMAA, enacted by Congress in 2003 and expanded in 2011, is Medicare's extra fee for high-income beneficiaries.

The Social Security Administration's Annual Determination Notices of upcoming IRMAA surcharges, sent to Medicare beneficiaries each November, certainly can come as a surprise to people.

If you're slapped with an IRMAA surcharge, there are a few ways you may be able to appeal to have it reduced or even eliminated. There are also some savvy financial moves you can make to head off an IRMAA bill in the future.

One reason it comes as a surprise to some:
IRMAA is based on a Medicare beneficiary's

income two years earlier, because that's the best income data the government has.

Some people in their 50s and early 60s don't realize that their income in retirement might be **higher** than when they worked full-time due to Social Security, pensions, and retirement plan withdrawals or distributions. This increased income can lead to IRMAA surcharges.

How IRMAA Surcharges Are Determined

IRMAA surcharges are determined by a Medicare beneficiary's modified adjusted gross income (**MAGI**)—the total of your gross income and tax-exempt interest minus things like retirement account contributions and alimony payments.

For 2023, if you are filing individually, IRMAA kicks in if your 2021 MAGI was over \$97,000; for married couples filing joint tax returns, above \$194,000.

The size of the surcharge is based on a sliding scale and increases with each of 5 IRMAA brackets. Those brackets top out for people with incomes of \$500,000 or more (**\$750,000 or higher for couples**).

IRMAA thresholds change each year, partly due to inflation, and since inception have never dropped.

Most expect the 2024 IRMAA income thresholds to be \$101,000 for singles and \$202,000 for married couples.

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8 Life-Changing Events That Deflect IRMAA Surcharges

If you get a notice from Social Security saying you owe an IRMAA surcharge, you may be able to eliminate or reduce that fee by showing that your modified adjusted gross income was wrong or by proving you've had one of eight **"life-changing events"** that lowered your income.

They are: (1) Marriage, (2) divorce or annulment, (3) death of your spouse, (4) work stoppage, (5) work reduction, (6) involuntary loss of income-producing property, (7) loss of pension income, (8) employer settlement payment due to its closure or bankruptcy.

Requesting a new IRMAA calculation doesn't just have to be, *'I shouldn't owe an IRMAA at all.'* It can also be, *'I had a life-changing event, and I should owe a smaller IRMAA.'*

To get an IRMAA redetermination, you can file Social Security SSA-44 form along with a narrative or schedule an appointment with the agency. **(If you had more than one of the life-changing events, you need to call Social Security at 800-772-1213.)**

Most people who complete the life-changing event form are successful at reducing or

eliminating the surcharge, but speed is of the essence. You generally must appeal within 60 days of getting the IRMAA notice.

If Social Security won't adjust your IRMAA surcharge after your request, you can submit a formal appeal through the Office of Medicare Hearings and Appeals.



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MEDICARE?**

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TODAY**

(480) 626-0296

**OR EMAIL
US AT**

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| ADMIRER | BE MINE | BOUQUET |
| CANDY | CHOCOLATE | CUPID |
| FALL IN LOVE | FEBRUARY | FLOWERS |
| GIFT | HEART | HUG |
| I LOVE YOU | KISS | LOVE |
| PINK | RED | ROMANCE |
| ROSES | SWEETHEART | VALENTINE |



February Quiz

Question 1:

February is the only month of the year that can go without what occurring?

- A. Rain
- B. Full Moon
- C. Tornado

Question 2:

How many US Presidents have been born in the month of February?

- A. 7
- B. 2
- C. 4

Question 3: What are the odds of being born on February 29th?

- A. 1 in 1,461
- B. 1 in 9,827
- C. 1 in 14,230

Answers for January

Question 1: What was January named after?

- A. Roman God Janus

Question 2: Which country is first to enter the new year?

- B. Kiribati

Question 3: Dolly Parton was born on the 19th of January of which year?

- C. 1946



Three Social Security Myths That You May Have Wrong

Social Security is one topic that folks often think they know all about. And you know what that means—it's fertile ground for trouble and poor financial decisions.

Misinformation about Social Security is so pervasive that the Social Security Administration has published articles (**now archived on [ssa.gov](https://www.ssa.gov)**) to counter some of the misconceptions making their way around the internet.

When I'm helping clients optimize benefits, I frequently run into Social Security **"myths"**. Here are three that come up time after time.

Myth #1: There Are No Taxes on Social Security Benefits

That hasn't been true in nearly 40 years, yet people still believe it. Benefits were not taxed until 1984, following President Reagan's signing of a bipartisan bill with Social Security amendments. According to the Social Security Administration, about 40% of people who receive benefits must pay income tax. Income limits dictate who pays income tax on benefits and what portion of the benefits is taxable.

Myth #2: Filing Decisions Are Final

You may have filed for benefits without consulting your financial advisor and at your next meeting your unexamined decision could cost you quite a sum in total benefits over your lifetime and affect what you leave to survivors. Stay calm. Social

Security does allow beneficiaries some wiggle room. Clients can change their minds about filing and withdrawing within the first 12 months of collecting. This is allowed only once, and they must pay back what they collected. That repayment includes any Medicare benefits they deducted from their Social Security.

Myth #3: Social Security Is Only For People Who Are No Longer Working

Age 65 is no longer a milestone in many people's lives (**aside from the fact that they become eligible for Medicare**). Many work well into their 60s and even their 70s, and many are collecting Social Security while they work.

Here are the rules, in brief:

- If clients collect Social Security before their full retirement age, the Social Security Administration may deduct \$1 from their benefit for every \$2 they earn over an income cap set annually (**for 2023, it is \$21,240**).
- In the year that clients reach their full retirement age, the income cap is higher (**it's set at \$56,520 in 2023**), and \$1 is deducted from their benefits for every \$3 earned.
- Once clients reach full retirement age, there is no limit or penalty for earning income.

The income limits for working Social Security beneficiaries are examined annually when Social Security determines the cost-of-living adjustment.

Medicare Supplement Rates Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Medico	\$121.00
Male	65	G	BCBS	\$127.10
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	New Era Life	\$44.41
Female	65	N	Aetna	\$90.80
Male	65	N	Blue Cross Blue Shield	\$102.12
Female	66	G	AARP United Health Care	\$122.59
Male	66	G	BCBS	\$133.57
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	New Era Life	\$45.54
Female	66	N	Aetna	\$91.80
Male	66	N	New Era Life	\$104.72

Rates are accurate at the time of production. Included in the list are fraternal organizations, service organizations, and carriers with ratings above B+.

*Source: CSG Actuarial effective dates 02/01/2023

Interest Rates Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Comm	4.85%
2 year	America First CU	4.75%
3 year	First Internet Bk	4.44%
4 year	First Internet Bk	4.44%
5 year	GTE CU	4.54%

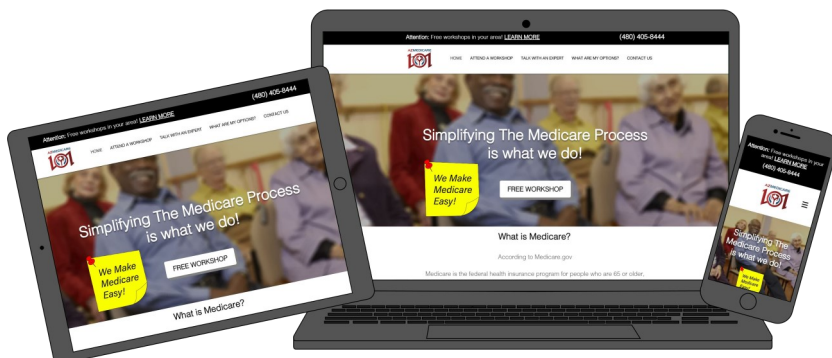
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. *Source: BankRate.com 02/01/2023

Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Atlantic Coast Life	5.53%
4 year	Nassau Life	5.25%
5 year	Sentinel Life	5.65%
7 year	Sentinel Life	5.65%
10 year	American National Life	5.45%

Rates are accurate at the time of production. Excluded from the list are fraternal organizations, service organizations, and carriers with ratings below B *Source: AnnuityRateWatch 02/01/2023

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Monday, February 20th
11:30am to 12:30pm

Online Workshop
Tuesday, February 21st
5:30pm to 6:30pm

Online Workshop
Wednesday, February 22nd
1:30pm to 2:30pm

Online Workshop
Thursday, February 23rd
5:30pm to 6:30pm

Online Workshop
Saturday, February 25th
11:30am to 12:30pm

**Maricopa/Pinal County
in Blue**
Pima County in Red

“As a fiduciary, it is our responsibility to make sure that both the Health and Wealth areas of your retirement have been planned for accordingly. You can’t have a sound financial plan without addressing both and here at LyfeAdvisors we believe that it starts with Healthcare! For the last 13 years, we have been helping thousands of retirees all throughout Arizona and we’d love to help you as well.” - Thomas Shultz, Managing Partner





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