Volume 4, Issue 6

THE LYFE ADVISOR

June 2021

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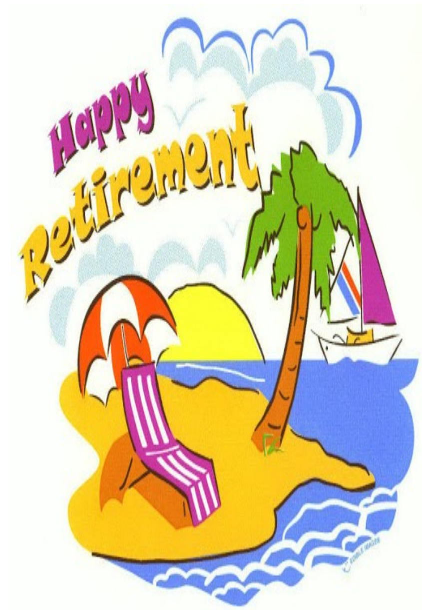

401(k) vs Annuity? Why Not Both...

How To Plan Your Retirement Paycheck The RIGHT Way

By Thomas Shultz

Planning your retirement paycheck is tough work. If you have a workplace 401(k) plan, you may want to keep some of your money at work in mutual funds or index funds, earning higher returns but also coming with the risk of high losses. Alternatively, you could cash out your 401(k) and choose an annuity, with guaranteed income in exchange for more modest returns but no losses.

What's a soon-to-be retiree to do? ***Unfortunately, there isn't a book written for this retirement dilemma that everyone faces.***

Here's what you need to know to figure out whether a 401(k) or an annuity—or a combination of both—is best for your circumstances.

401(k) vs. Annuity: The Basics

First, let's review some basics. If you're a typical American worker, chances are you already have a 401(k), the workplace plan that provides valuable tax advantages on tens of thousands of dollars of retirement savings each year.

401(k)s come in two flavors: traditional and Roth. Both kinds shelter your retirement investments from taxes while you're still working, and both provide a tax break. The difference comes down to when you get that tax break: now or later.

With a traditional 401(k), you deduct contributions from your tax bill now. Money you invest grows tax-deferred over time until you begin withdrawals, usually after you reach at least 59 ½. Then you pay income taxes on withdrawals, based on your current tax bracket.

Roth 401(k)s offer no upfront tax break but reward investors with tax-free

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JUNE

HOW TO RETIRE HAPPY

Inside This Issue

withdrawals in retirement. That's right. Tax-free. You'll never pay taxes on any money you take out from a Roth 401(k) as long as you're at least 59 ½ or meet certain conditions before then.

An annuity is a type of insurance contract that generates steady income in retirement. You fund an annuity with either a lump-sum payment (rollover from a 401(k)) or payments over time, and then the company makes regular payments back to you for the rest of your life. In fact, some large employers will even let you hold annuity contracts in your 401(k) account, just like index funds or mutual funds.

Types of Annuities

Annuities get complex fast. While all annuities share certain features, such as tax-deferred growth and guaranteed payments for some amount of time, there are really two main types to be aware of:

Variable Annuities: allow investors to potentially increase their guaranteed payment by choosing market investments inside the annuity, just like you choose funds in a 401(k). This introduces an element of risk, however, and unlike a fixed annuity, it's possible to lose money with a variable annuity.

Fixed Index Annuities: track a particular market index, like the S&P 500, and allow investors to typically enjoy half the market growth for zero market losses. They also offer investors a guaranteed monthly income payment based on their contributions, regardless of how financial markets perform.

How Are 401(k)s and Annuities Similar?

401(k)s and annuities share some important characteristics that make both extremely attractive retirement savings options.

Long-term Savings: Both 401(k)s and deferred annuities allow you to make contributions over time. This can be helpful for those who want to save for retirement but don't have large sums to invest already.

Tax-deferred Growth: The gains you enjoy in both traditional 401(k)s and annuities are tax-deferred, and you'll only pay taxes when you begin taking distributions.

Early Withdrawal Penalties: Withdrawals taken before you turn 59 ½ generally incur an IRS penalty (usually 10% of the amount you withdraw, plus any applicable taxes). Both annuities and 401(k)s offer exceptions when you can make a penalty-free early withdrawal, and income from an annuity is not considered a withdrawal.

Assets Pass Outside of Probate: When you designate a beneficiary on a 401(k) or annuity, those assets don't need to go through probate and can be passed directly to a named beneficiary.

How Are 401(k)s and Annuities Different?

For all the ways they're similar, there are ways that 401(k)s and annuities differ.

Guaranteed Income: Depending on the annuity type and riders you choose, you may be able to lock in

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payments for life, regardless of how long both [you and your spouse] live and even if the account value falls to zero before your death. 401(k)s have no such guaranteed lifetime withdrawal options.

Investment Choices: With a 401(k), you only have certain allocation choices that are dictated by the plan with no exceptions. Because you choose where to buy your annuity, you can make sure it has investment options you want.

Principal Access: If you need to liquidate your 401(k) early, you can take out a loan to avoid early withdrawal penalties. If you repay the funds within a reasonable time frame (usually five years), you'll avoid any penalties. In most annuities, they allow up to 10% of the principal to be withdrawn each year on top of the income payments you receive without penalty.

Returns: With a 401(k), your gains and losses are uncapped, which means there's no limit on what you stand to gain or lose on your investment. Most annuities cap both gains and losses. This protects your initial investment and also the gains you make each year in the product.

How Do You Choose Between a 401(k) or an Annuity?

Choosing an annuity or a 401(k) is rarely an either or situation. That said, there are some general rules of thumb to consider.

If you're already maxing out your 401(k) and IRA for the year and you still want to save more for retirement in a tax-advantaged account, you could put any additional savings into an annuity. You should always max out your 401(k) first and then spill over into an annuity.

If you're worried about outliving your savings, an annuity with a living benefit rider is your best option. Living benefit riders guarantee certain amounts of payment, which are particularly useful for individuals with limited income sources in retirement.

Outside of those situations, though, opting for a combination of both a 401(k) and an annuity might be the right choice if you want to shore up a guaranteed income stream while also leaving room for upside potential through the stock market.

Many people want to have some portion of their money where they can be certain they're going to get their retirement paycheck regardless of what's happening in the market. They might, for instance, want to have all their basic needs covered by Social Security and Annuity payments. To achieve that, we'll roll over some, or all, of a 401(k) into an indexed annuity with a living benefit.

The Bottom Line

As you decide what investment vehicle might suit your needs best, remember that there's no choice that doesn't come with risks.

There are always risks when investing money, and this includes your 401(k), especially since 401(k)s don't have any type of built-in principal protection like many annuities do.

However, because this decision is incredibly complex and will involve weighing the pros and cons of certainty, income levels and even taxes, don't be shy about asking for help. The best advice I always say is to seek out a trusted financial advisor who is proficient with annuities to offer a fair and unbiased point of view on retirement income planning before considering a retirement rollover.

Thomas Shultz

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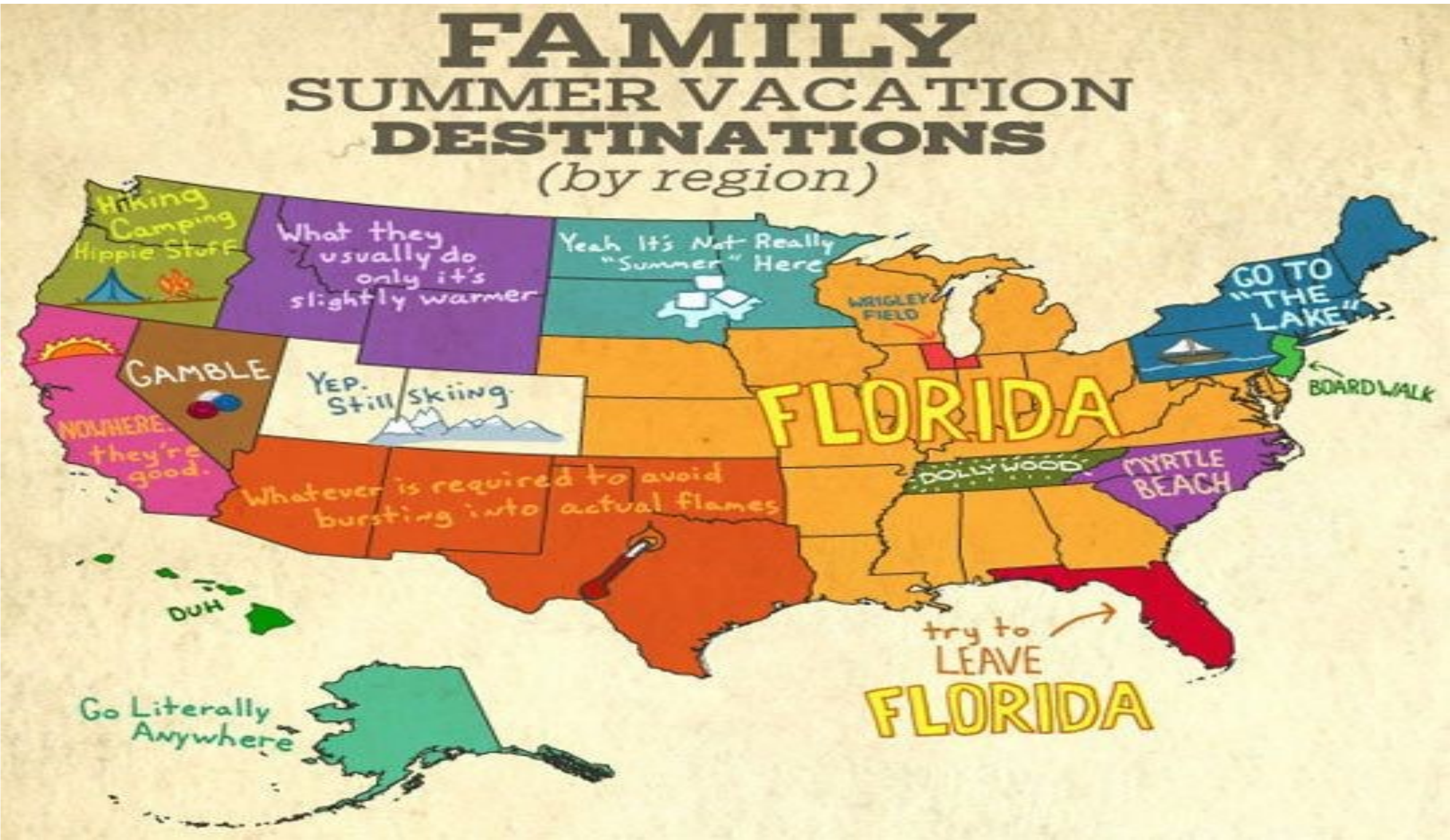

AZ MEDICARE 101 IS NOW LICENSED IN ALMOST EVERY STATE IN THE COUNTRY GIVING US THE ABILITY TO HELP FOLKS NAVIGATE THIS MEDICARE MAZE NATIONWIDE!

IF YOU KNOW SOMEONE THAT COULD USE OUR HELP GETTING READY FOR MEDICARE, WE WOULD GREATLY APPRECIATE THE BUSINESS!

We appreciate your referrals!

Your referrals are gifts to whomever you refer. By making a referral, you are giving them a chance to make a difference in their financial future.
Thank you for helping spread the LYFE Advisor's message.

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CORALYN'S CORNER

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

This last month in the Shultz family has been a stressful one!

If you know anything about Thomas, you know he loves the Lakers and every year around this time the NBA playoffs happen and he is always on edge.

To be honest, we all are as we are a purple and gold family. I get so stressed out I can't even watch the games.

This year was unique as the Phoenix Suns finally made it back to the playoffs against our beloved Lakers.

So, of course, Thomas was doing everything in his power to make sure he and Jackson were at each game.

Getting tickets wasn't easy, as one of our clients can attest that the first 15 minutes of their appointment was watching the Ticketmaster screen on Thomas' computer (they didn't seem to mind though).

He and Jackson made it to all three Suns home games, dressed in Lakers yellow, and it makes me so happy to know that the two of them will share these memories for the rest of

their lives. Thomas and I both did not grow up with silver spoons in our mouths, so for our child to be able to experience things that we never could makes us warm and fuzzy inside.

They drug me to Game 5 (which I wish I hadn't gone to) and the Lakers got destroyed by the Suns, but at least we got a cute pic out of it!

We also got to take a little break over Memorial Day and head to Jacksons' favorite place in the world, the beach!

(I swear, that kid would go into the water no matter what the temperature is)

While Thomas and I enjoyed the cool weather, Jackson swam all day and took a break in the sand.

Coralyn Shultz

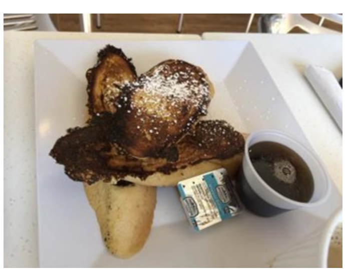
RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we enjoyed a new location in Scottsdale, "Scramble" in near Fashion Square Mall.

scramble. a breakfast & lunch joint

Now that my family has moved into the Scottsdale area, we went looking for a local breakfast destination. We found one just a few minutes away and checked it out. It has a light and airy atmosphere with an outdoor eating area. The first restaurant was started in 2009 by Clay Moizo and Don Talbot. This was not their first endeavor in the culinary aspect of the hospitality industry as they have over 30 years of experience. Clay has developed the Mill Cue Night Club in Tempe as well as the Half Moon Sports Grill, one of the first sports bars in Arizona. Don began with Planet Hollywood and then joined with Clay to further develop his two current businesses.

This breakfast destination prides itself with using fresh homegrown ingredients from Arizona. They also use the same concept of ordering at the counter and having the food delivered to your table. Their menu is a bit different in that they have vegan and gluten friendly choices. They also offer a doggie dish for their dog friendly patio. But of course, the standards are there with omelets, scrambles, benedicts, pancakes, French toast, breakfast burritos and egg dishes. But they do offer a variety of breakfast pizzas, **Brizzas**, to choose from which is their signature dish with Hollandaise sauce on hand tossed dough. Their lunch menu is limited to sandwiches, salads, wraps and burgers.



My mother was so excited that they offered regular sausage gravy and biscuits which she loved. Many restaurants only have turkey sausage or chicken sausage and she won't eat that. My husband had the French toast and theirs is made with a French baguette and instead of just egg it is dipped into a vanilla custard batter. He also had the mushroom and bacon omelet. The French toast was burnt pretty badly. He still ate it and said it was good. I had the Phoenix omelet. It was supposed to be spicy but it was actually very bland. And my toast was burnt. I wasn't impressed with the quality of the food. Being served burnt food should never happen. Maybe it was just this location and others might be better but I don't plan to go here again.

There are 4 locations in the area-- 2 in Scottsdale, 1 in Phoenix and 1 in Tempe.

Rita Henderson

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Medicare Hack #23

IF I'M STILL WORKING AT AGE 65, DO I NEED TO GO ONTO MEDICARE?

If you're 65 or older, still working and are covered by employer health insurance, it can make sense to sign up for Medicare now. Enrollment might reduce your out-of-pocket costs.

Millions find themselves in this situation. The proportion of Americans ages 65 to 74 who are working is projected to reach 30.2% in 2026, according to the Bureau of Labor Statistics.

But Medicare is complicated, and there are a lot of caveats and some surprise expenses to be avoided. So for working people 65 or older, here's help with figuring out when to enroll in Medicare and how to avoid costly late-enrollment penalties and gaps in coverage.

A note for married couples where one spouse is covered by the other's employer insurance: The information provided here also applies to you when you turn 65.

The Cost Equation: Will Medicare Save You Money?

If your employer (or your spouse's employer) requires you to pay a large portion of the premium on your group health insurance, you may find Medicare cheaper and the coverage better. So, compare your current coverage and out-of-pocket expenses — including premiums, deductibles, co-pays and co-insurance — with your costs and benefits under Medicare, which may also pay some expenses not covered by your group plan.

Medicare Part A: If it's free, why not take it?

If by the time you reach 65 you've worked a total of approximately 10 years over your career, you're entitled to premium-free Medicare Part A, which pays for inpatient hospital charges and more.

Why sign up for more hospital insurance when an employer plan already provides good coverage at low cost to you? Because in some cases, Medicare Part A may cover what your employer plan does not. But as with so many aspects of Medicare, there are caveats, exceptions and potential pitfalls.

If the employer has 20 or more employees: If your or your spouse's employer has 20 or more employees and a group health plan, you don't have to sign up for Medicare at 65 if it doesn't make financial sense. (Although, a reminder: Part A is free for most people.)

If the employer has fewer than 20 employees: If your or your spouse's employer has fewer than 20 employees and the health coverage is not part of a multiemployer group plan, at age 65 you must enroll in Medicare Part A, which will be your primary insurance. "Primary" means that Medicare pays first, and then the employer insurance kicks in to pay whatever might be covered under that policy but was not covered by Part A.

If you have an HSA and want to keep contributing: If you're saving to a Health Savings Account and wish to keep doing so, you must delay enrollment in Medicare Part A (and Medicare Part B), because Medicare enrollees can't contribute to an HSA. In fact, to avoid a tax penalty, you should plan to stop making HSA contributions at least six months before signing up for Medicare.

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Potential penalties: If you don't enroll in Medicare Part A at age 65 and neglect to sign up within sixty-three days of stopping work or losing employer coverage (whichever comes first), you may have to pay a penalty. In any case, you should sign up for Part A before your employer coverage ends to avoid a gap in your health coverage.

Before delaying Medicare Part A: Before delaying Medicare, consult with your or your spouse's benefits administrator to be sure you understand how your group plan will cover you without Part A when you reach age 65.

Medicare Part B: Delay to Avoid Premiums

If you're 65 or older and you or your spouse still have employer health coverage, you will probably want to delay enrolling in Medicare Part B, which pays for doctor visits and many other outpatient services. Why?

Because unlike Medicare Part A, everyone pays a premium for Part B, so it's never a free add-on. As with Part A, your particular circumstances can influence your decision, and there are pitfalls to avoid:

If the employer has 20 or more employees: If your or your spouse's employer has 20 or more employees and a group health plan, you're not required to sign up for Medicare at age 65. But the clock starts ticking once you stop working or lose your employer coverage (see below), so don't miss your window.

If the employer has fewer than 20 employees: If your or your spouse's employer has fewer than 20 employees and the health coverage is not part of a multiemployer group plan, at age 65 you must enroll in Medicare Part B, which will be your primary insurance.

If you have an HSA and want to keep contributing: SAME RULES AS MEDICARE PART A

Potential penalties: You must sign up for Medicare Part B within sixty-three days of stopping work or losing employer coverage. Failing to do this, your premiums may include a penalty — for the rest of your life. In addition, you may have to wait to enroll in Medicare, resulting in a risky gap in health care coverage.

Before delaying Part B: Before you decide to postpone enrollment for Medicare Part B, consult with your or your spouse's benefits administrator on how your group policy will cover you at age 65 and beyond.

It's complicated, so get all the advice you need.

Map to our NEW Scottsdale Office

7300 N Via Paseo Del Sur,
Suite 204
Scottsdale, AZ 85258

(480) 626-0296

We're on the corner of Hayden & McCormick Ranch Parkway right beside Luci's and right above Crumble Cookie

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Happy Retirement

S	C	X	A	L	T	N	E	M	T	I	M	M	O	C	K	Q
B	J	K	P	R	E	T	I	R	E	M	E	N	T	V	Y	S
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E	V	N	O	R	E	G	R	E	T	S	T	U	Y	E	I	F

congratulations	dreams	pursue	years of service
guidance	commitment	no regrets	hobbies
travel	vacation	joyful	deep appreciation
retirement	heartfelt	education	devoted

May Sudoku Solution

8	4	9	7	3	1	5	2	6
6	2	3	4	5	9	8	7	1
5	7	1	6	2	8	3	9	4
4	5	6	3	8	2	9	1	7
9	3	7	5	1	4	2	6	8
1	8	2	9	7	6	4	3	5
7	9	4	8	6	3	1	5	2
3	1	5	2	4	7	6	8	9
2	6	8	1	9	5	7	4	3

June Quiz

Question 1:
What is the #1 Vacation Destination in the US?

A. Walt Disney World
B. Grand Canyon
C. Hawaii

Question 2:
What is the #1 Sports City in the US?

A. Boston
B. Phoenix
C. Los Angeles

Question 3: When is #1 Hamburger In the US?

A. Five Guys
B. Burger King
C. In-N-Out

Answers for May

Question 1: When was the last year the Phoenix Suns made the playoffs?

B. 2010

Question 2: What is the hottest temperature ever recorded in Phoenix?

A. 122 degrees

Question 3: When is last year the Suns won an NBA Championship?

C. Never

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Medicare Supplement Rates

Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Amerigroup (Anthem)	$110.46
Male	65	G	Amerigroup (Anthem)	$119.28
Female	65	GHD	New Era Life	$40.37
Male	65	GHD	New Era Life	$44.41
Female	65	N	Aetna	$88.96
Male	65	N	Blue Cross Blue Shield	$94.82
Female	66	F	Humana	$140.02
Male	66	F	Amerigroup (Anthem)	$159.62
Female	66	G	AARP United Healthcare	$118.93
Male	66	G	Blue Cross Blue Shield	$126.36
Female	66	GHD	New Era Life	$41.40
Male	66	GHD	New Era Life	$45.54

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 06/01/2021*

Interest Rates

Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Community	0.70%
2 year	Comenity Direct	0.75%
3 year	Comenity Direct	0.85%
4 year	First Nat Bank	0.90%
5 year	First Nat Bank	1.05%

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 06/01/2021*

Highest Fixed Annuity Rates

Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Sagicor	2.30%
4 year	Oceanview	2.60%
5 year	Atlantic Coast	3.00%
7 year	Sentinel Life	3.10%
10 year	Atlantic Coast	3.20%

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 06/01/2021*

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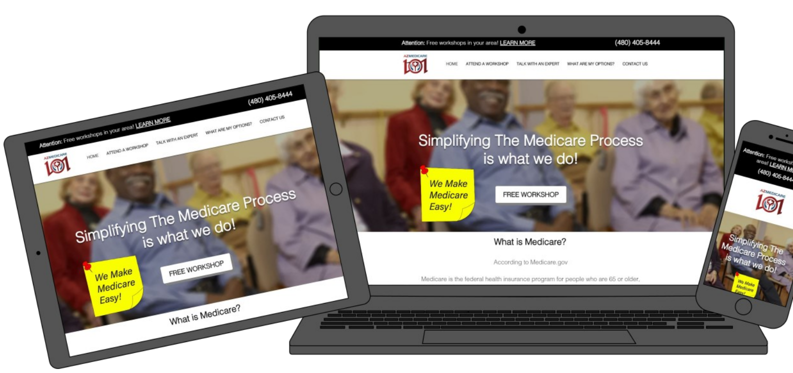

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Leading Your Financial Education

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Social Security Cost Of Living Adjustments Aren't Enough

Inflation Means Higher Costs For Seniors Across The Board

The Social Security Administration announced that the cost-of-living adjustment (COLA), which is an increase in social security benefits to counteract inflation, increased by 1.3% for 70 million Americans on Social Security and Supplemental Security Income.

The estimated average monthly benefit increased by $20 per month for 2021. This increase, however, isn't enough to account for the rising costs of inflation for seniors.

The Senior Citizens League surveyed 10,000 participants from January through April 2021. According to their data, more than 62% of retirees think that Social Security cost-of-living adjustments need a guaranteed minimum of 3%.

When the prices on the goods and services that retirees depend on go through the roof, their Social Security benefits don't buy as much, and that causes enormous financial stress for all retirees.

The League stated that they are working with Congress to increase benefits for retirees to the 3% guaranteed minimum and to use the Consumer Price Index for the Elderly, or CPI-E. The latest cost-of-living adjustment decision was based on an increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, or CPI-W, from the third quarter of 2019 through the third quarter of 2020; however, inflation has risen since last year by 1.4% in the first quarter of 2021. The CPI-W was more than 3% higher as of the end of March than it was the previous year. The largest COLA increase was in 2008 by 5.8%. Since 2010, the average increase has been 1.4%.

JUNE 2021

ALTERNATIVE BOND RATES

12 Month Coupon

6.00%

Dividend Paid Monthly*

60 Month Coupon

7.50%

Dividend Paid Quarterly*

Medicare Workshops

1 Hour Presentation - Everything you need to know about Medicare. We explain how Medicare works and what you can expect before you choose!

THIS PRESENTATION HAS BEEN APPROVED BY MEDICARE

Online Workshop
Wednesday, June 16th
5:30pm to 6:30pm

Online Workshop
Thursday, June 17th
06:30pm to 07:30pm

Online Workshop
Monday, June 21st
1:30pm to 2:30pm

ALL ARIZONA COUNTIES

Online Workshop
Tuesday, June 22nd
11:00am to 12:00pm

Register online at
AZMedicare101.org

Or call us to reserve your FREE SEAT at
(480) 405-8444

"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**