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## THE BIGGEST THREATS To The Stock Market In 2021

*By Thomas Shultz*

In less than a month, one of the wildest years on record for the stock market will come to a close. In just one year, the investing community has witnessed the fastest bear market decline of at least 30% in history, the quickest rebound from a bear market bottom in history, and the highest reading ever recorded on the CBOE Volatility Index.

And yet, despite all of the disruptions and uncertainty caused by the coronavirus disease (COVID-19) pandemic, the benchmark S&P 500 is on track for a double-digit yearly gain, while the Dow Jones Industrial Average may well finish the year above 30,000.

With potentially multiple effective COVID-19 vaccines on the horizon, and the Federal Reserve pledging to keep interest rates at or near historic lows for a minimum of three more years, it would appear that the stars are aligned

for the markets to continue to thrive in 2021.

But this might not be the case. Here are the biggest threats to the stock market in 2021 that could make it the **MOST** volatile year ever recorded.

### Vaccines Fail To Slow The Pandemic

Arguably the biggest potential perpetrator of a stock market crash in 2021 is the recent savior of the S&P 500 and Dow Jones: Vaccines. On the bright side, the Pfizer and Moderna vaccine candidates blew the expected efficacy number out of the water. Researchers were expecting a vaccine efficacy similar to what we see with influenza (around 50% to 60%). What Pfizer and Moderna delivered were respective efficacy of 95%. On the surface, these figures offer a real chance to halt the pandemic.

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# December

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The issue is that we don't know some very pertinent information about these vaccine candidates. In particular, we don't know how long these vaccinations provide protection, nor do we know if taking the vaccine ensures that a patient can't spread the illness to others. These are questions that will be answered over time, and it might signal Wall Street's premature victory over COVID-19.

## Not Enough People Choose To Get The Vaccine

To build on the first point, a vaccine is only as effective as the public's willingness to take it.

Back in May, 72% of surveyed adults said they would "definitely" get the vaccine (if available) compared to 27% who would choose not to.

In November, U.S. adults were asked the same question, but with strikingly different results. This time around only **51% "definitely"** would get the vaccine, with those **"against"** getting the vaccine almost doubling from 27% to **46%**.

This shift can be explained by the public viewing these vaccines as being rushed through the normal regulatory process. Further, the mortality rate of COVID-19 has fallen since May as we've learned more about the illness and have stepped up testing.

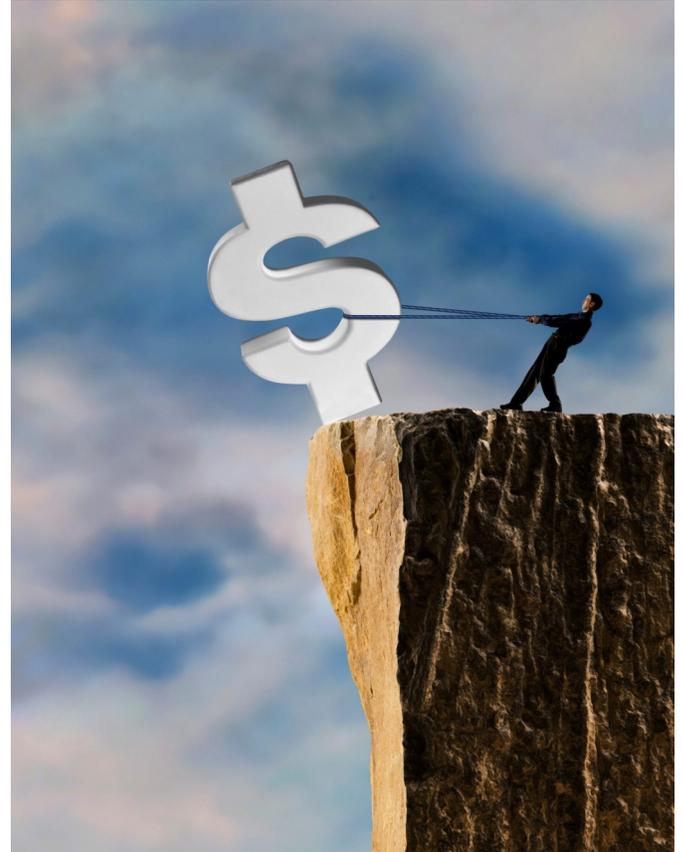
According to most experts, at least **75%** of the population would need to get the vaccine to achieve herd immunity. That's looking unlikely, which leaves the stock market vulnerable to another steep sell-off.

## The U.S. Falls Off The Stimulus Cliff

If lawmakers on Capitol Hill don't act quickly, a lack of fiscal stimulus and protections created during the coronavirus pandemic could cause the U.S. economy to go over a cliff.

There's no question that, for the time being, the U.S. economy is on the mend. Multi-decade highs

for the unemployment rate have continued to retrace, while consumption has been on the rise. Consumption accounts for about 70% of U.S. gross domestic product.



The concern is that we're seeing a spike in COVID-19 cases around the country that far exceed the levels observed in the spring or summer. As a result, select states have, again, chosen to impose tighter restrictions to lessen the spread of COVID-19.

These restrictions may lead to more job losses and reduced economic activity -- only this time around, there's no stimulus to prop up struggling workers and families.

In a matter of weeks, we could reach a point where renters can no longer pay their landlords, and creditors can no longer pay their debtors. A lack of financial protections provided by Washington, D.C., could hit financial stocks hard and drag the stock market notably lower.

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## Democrats Win Both Georgia Senate Runoffs

There's also a lot riding on the Senate seat runoffs in Georgia.

As things stand now, Republicans have won 50 U.S. Senate seats, compared to the 48 held by Democrats and Independents. If the GOP were to win one of the two remaining runoff seats, which has long been the expectation of Wall Street, they'll hang onto control of the Senate until at least early 2023, with the White House and House of Representatives under Democrat control. A split Congress would make Wall Street very happy, because it would make corporate tax hikes and major policy changes unlikely.

But if both Democratic Party candidates win on Jan. 5th, it would essentially create a 50-50 tie in the Senate. Any votes that end in a tie in the Senate are broken by the Vice President, which in this case would be Vice President-elect Kamala Harris. In other words, if lawmakers strictly voted along party lines, with Harris providing the tiebreaking vote, we could see corporate tax hikes take shape under the Biden administration. According to various Wall Street estimates, increasing the peak marginal corporate tax rate to 28% from 21% would slash earnings by about 10%, and would send the stock market tumbling.

## Short-Term Emotions Get The Better Of Investors

A final stock market threat that can't be overlooked in 2021 is our own emotions.

The data is pretty clear that a stock market correction and crash is eminent.

Even if you're a long-term-focused investor, you should know that there are more than enough short-term-oriented traders and emotion-driven investors to move the stock market based on

news events. The reason stock market corrections and crashes seem to happen much faster than orderly increases in the S&P 500 and Dow Jones has to do with emotions getting the better of short-term traders and sending them scurrying to the exit.



## So What's The Bottom Line...

Taking a "Pro-Active" approach to your retirement will always put you in a better position than taking a wait and see approach. The time to rethink your investment strategy is before the crisis occurs.

*If you'd like to see what retirement could look like for you, we would love the chance to show you our skills!*

*We offer free, no obligation portfolio check-ups to make sure you prepared in case any of the aforementioned events shake the markets in 2021.*

*Thomas Shultz*

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## LILLI'S TRAVELS

**Hola, my name is Lillian McCord, I am from Puerto Rico. I moved to beautiful Arizona in 2017. Before Arizona, I visited and lived in many other places and yes...you guessed, traveling is my passion. As soon as I am an "empty nester" (If that ever happens) I will pick-up the traveling bug again, fingers crossed. Every month I will bring you along a traveling journey with me and I hope that you enjoy it as much as I did!**



This month I will take you to Belgium, one of my favorite places I had the opportunity to live in. I know what you are thinking "Belgium, really ????" Well, it is a misunderstood country. Belgium is very laid-back and they are in a constant battle with France about their language, food etc. In case you did not know; French Fries were not invented in France but in Belgium. The term "French "in French fries refers to the cut of the potato. Another struggle between the two countries is their language. In Belgium they speak a combination of French with a peculiar accent and Dutch, (the Dutch language is very difficult to understand for me) but the people in France do not understand Belgian French even though it is only slightly different.



I used to live in a town call Mons. The city of Mons took on great symbolic importance during the Great War and in WWII. Now, the city is vibrant with a great deal of restaurants and picturesque bars. Mons is considered the European Capital of Culture. The magnificent City Hall dominates the central square of the "Grand Place" often referred to as the beating heart of Mons and has been since the thirteenth century.

Their traditional dish is "Moules-frites," delicious French fries and mussels. The menu can have 20 different



flavors of mussels and fries. The fries always will be accompanied with a special sauce called **Samurai sauce**. The sauce is made with mayonnaise, ketchup, and harissa.

You cannot eat the dish without beer. Beer is the main alcoholic beverage of the country. Belgians do not agree with Americans when they tilt the glass to avoid the head (foam). For Belgians, the head is part of the flavor of the beer.



I know you are waiting for me to mention the elephant in the room ... Chocolate, but I have saved the best for last... Belgians are famous for their Chocolate. **Yes, delicious chocolate!!!**

Every year they have a chocolate fair "**La fête du chocolate**." It happens every spring in Mons and it's free! With more than 20 chocolate booths, which offer samples, I was finally able to satisfy my curiosity of finally trying lavender-flavored chocolate. It is worth the calories, let me tell you. In this picture you can see my kids indulging on the free samples, lol 😊



With the great location of Mons and the easy access to train stations I was always on the move. **Next month will be a surprise, stay tuned as it will be worth the wait!**

*Lillian McCord*

## RITA'S CORNER

*Every month, my husband and I enjoy trying out places to eat. This month we enjoyed the outdoor patio at Hula's Modern Tiki on High Street at Desert Ridge*



Hula's Modern Tiki is a new addition to the Desert Ridge's restaurant family. It is located on High Street in City North and is the third addition to the Hula's chain. It is locally owned by Dana Mole' with brothers, Chris and Craig Delaney from California. Dana traveled a lot to Maui and Monterrey and fell in love with the Tiki restaurant idea and food especially Hula's Island Grill and Tiki Bar. The first Hula's was opened in September in Phoenix on Central Avenue but was moved to a new location 10 years later in Windsor Square. Back in 2016 they opened a 2nd location in Old Town Scottsdale on 1<sup>st</sup> Street behind the famous Sugar Bowl. When this new addition opened this year in Desert Ridge my husband was so excited. During our few trips to Hawaii, he fell in love with a traditional Hawaiian dish called "Loco Moco". When we saw it on Hula's menu and that they had a great outdoor patio, we were set!



I chose one of the fresh fish options, the Mahi with Jamaican Jerk seasonings and sides. My mother had the



Polynesian chicken sandwich. We also had invited our son and his family to go along with us as well. He chose the Mahi with the Lemongrass

encrusted seasonings and sides which I liked much better than the Jamaican Jerk. Mine was good but I felt there was too much sauce on the fish and it was a bit overpowering. The lemongrass was delicate and delicious. It didn't overpower the wonderful fish. My daughter



in law had the Hunkin Samoa Burger complete with fried spam and a sunny side up egg. My grandson had the Bali Hai BBQ Ribs which were huge. The food was great and plentiful. The



macaroni salad and coleslaw were fantastic. I also loved my Jamaican johnny cake. I'm not sure what it was made with but it sure was yummy.

We enjoyed it so much that not long after we went back for lunch on a Sunday and found out that they have Sunday brunch with many breakfast selections.

The menu includes Loco Moco, several options for eggs benedict, omelets and of course French toast. We will visit many times again I am sure!

*Rita Henderson*

## Medicare Hack #25

WITH THE NUMBERS SKYROCKETING, MOST MEDICARE BENEFICIARIES ARE WORRIED ABOUT THE COST OF TREATING COVID-19: **HERE'S THE REAL MATH**



The coronavirus pandemic may be an extra stressful time for Medicare beneficiaries. Not only are they generally in a high-risk group for Covid-19, most of them — about 83% — are worried about the cost of treating the virus if they contract it, according to a recent survey conducted by Medicare.

Whether they need to be concerned is a separate consideration.

Nearly 63 million people are enrolled in Medicare, the majority of whom are age 65 or older. While Congress and regulators have nixed out-of-pocket outlays for testing, the potential cost of treating the virus would depend at least partly on the severity of the illness as well as a beneficiary's specific coverage.

In the U.S., the pandemic has resulted in more than 15 million cases and at least 285,000 deaths, Johns Hopkins University research shows.

Medicare beneficiaries have accounted for about 1.7 million cases reported through mid-October, according to preliminary data from the Centers for Medicare and Medicaid Services.

More than 332,000 of those involved hospitalizations. Almost half of the stays lasted one to seven days, the early data show. Roughly 5% last longer than 30 days.

While some Medicare beneficiaries have additional insurance that covers the out-of-pocket costs — i.e., copays and deductibles — others pay more for hospital stays and various medical services.

Most people recover from the coronavirus without requiring significant medical care.

However, here are costs that could come with your Medicare coverage if treatment is needed based on the type of coverage you have:

### Just Medicare A & B Costs

Basic Medicare has no cap on out-of-pocket spending. If you have no additional coverage — 6.1 million beneficiaries did not, at last count — you'd pay a \$1,408 Part A deductible if you're admitted to the hospital this year. (In 2021, that amount is \$1,484).

That deductible would cover the first 60 days per benefit period. Beyond that, daily copays of \$352 (\$371 in 2021) apply up to the 90th day. Anything above dips from "lifetime reserve" days at a daily rate of \$704 (\$742 in 2021).

For patients moved to a skilled nursing facility, there is no copay for the first 20 days; it's \$176 (\$185.50 in 2021) after that through day 100. Medical services like doctor's visits are delivered through Part B. It has a \$198 deductible this year (\$203 for 2021) and beneficiaries typically pay 20% of covered services. Generally speaking, care from providers who treat you in the hospital falls under Part B.

### Original Medicare A & B plus a Medigap Plan and PDP (Prescription Drug Plan)

About 80% of beneficiaries stick with original Medicare and a supplemental policy (aka Medigap).

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If you have a Medigap policy, almost all of that cost-sharing (referenced above) would be covered, either partially or fully. However, Medigap policies have their own rules for enrolling, which can limit who has access to them.

Meanwhile, Medicare Part D (prescription drug coverage) also has no cap on out-of-pocket spending. The cost of medicine depends on the specifics of your coverage. If there's a deductible with your plan, it can be up to \$435 this year (\$445 for 2021).

## Medicare Advantage Plans

About 24 million Medicare beneficiaries get Parts A and B delivered through an Advantage Plan, which also usually includes prescription drug coverage.

These plans may or may not have a monthly premium on top of what beneficiaries pay for basic Medicare. They also typically have different deductibles and copays from original Medicare, and those costs can vary from plan to plan.

For instance, while you might not face a Part A deductible of \$1,408 for a hospital stay, your Advantage Plan may charge you a daily co-pay for the time you're an inpatient.

Typically plans have either a daily hospital co-pay for a certain number of days, like \$275 per day for seven days, or a flat co-pay for the whole stay — \$500 no matter how many days.

These amounts are fairly standard, although the copays could be lower in some areas of the country.

Some Advantage Plans have put their standard cost-sharing on hold during the pandemic. For example, Aetna is waiving cost-sharing for inpatient admission for Covid-19 treatment or health complications associated with the virus through Dec. 31st. Humana also is waiving such costs, with no end date for the waiver noted.

Also, Advantage Plans come with annual out-of-pocket limits. While that amount can vary from plan to plan, the maximum for 2021 is \$7,550, up from \$6,700 this year.

Globally, there have been more than 64 million coronavirus cases, resulting in nearly 1.5 million deaths.

**STAY SAFE AND WEAR A MASK**

## Map to our NEW Scottsdale Office



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**(480) 626-0296**



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

## Sudoku

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

## October Sudoku Solution

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

## December Quiz

### Question 1:

The Jewish festival of Chanukah is also known by which name?

- A. Memory Days
- B. Festival of Winter
- C. Festival of Lights

### Question 2:

What is Christmas known as in French?

- A. Noel
- B. Navidad
- C. Natal

**Question 3:** What is the day after Christmas known as?

- A. Day of Returns
- B. Momento Day
- C. Boxing Day

## Answers for October

**Question 1:** What was Candy Corn originally called?

- B. Chicken Feed**

**Question 2:** When is Halloween thought to have originated?

- B. 4000 B.C.**

**Question 3:** What is the most successful horror movie of all time?"

- C. It**

## Medicare Supplement Rates Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Humana	\$110.94
Male	65	G	Blue Cross Blue Shield	\$117.31
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	\$92.51
Female	66	F	Aetna	\$131.78
Male	66	F	Blue Cross Blue Shield	\$146.76
Female	66	G	AARP United Healthcare	\$113.90
Male	66	G	Blue Cross Blue Shield	\$123.28
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	Mutual Of Omaha	\$50.44

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 12/01/2020

## Interest Rates

### Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Bank	0.73%
2 year	Live Oak Bank	0.80%
3 year	Comenity Bank	0.85%
4 year	1st Internet	0.86%
5 year	First Nat Bank	1.00%

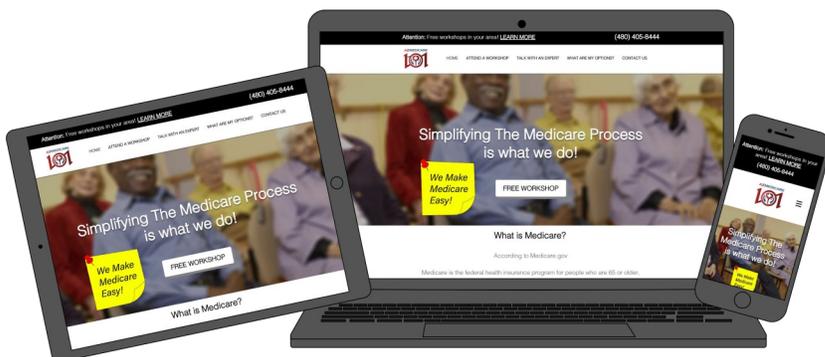
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. \*Source: BankRate.com 12/01/2020

### Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	American Equity	2.40%
4 year	Oxford Life	2.25%
5 year	Sentinel Security Life	3.00%
7 year	Sentinel Security Life	3.10%
10 year	Atlantic Coast Life	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 12/01/2020

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## THE SOCIAL SECURITY MYTHS WE NEED TO LEAVE BEHIND IN 2020

Are you tired of 2020? Many of us can't wait to put it behind us. But while you're in the process of forgetting this horrible year ever happened, you should also do yourself a favor and pledge to put these dangerous Social Security myths out of your mind. If you don't, they could destroy your retirement.

### Social Security Will Replace Your Former Paycheck

Nope. Not even close. If you're an average earner, your monthly benefit will replace about 40% of your pre-retirement wages, and most seniors need roughly twice that amount to comfortably keep up with their living expenses. In fact, the average beneficiary today only collects a little over \$18,000 a year from Social Security. That's probably not enough for you to live on, so don't plan on doing so. Instead, make an effort to save diligently in a retirement account like an IRA or 401(k) so you have an additional source of income at your disposal once you stop working.

### You Have To Sign Up For Social Security Once You Reach Full Retirement Age

Again, wrong. Your full retirement age is when you're entitled to collect your full monthly benefit based on your personal earnings history. That age is either 66, 67, or somewhere in between, depending on the year you were born. But you're allowed to delay your filing past that point and doing so could work to your advantage. For each year you hold off on claiming Social Security, your benefits will increase 8%, up until age 70. And to be clear, that boost will remain in effect for the

rest of your life.

### Your Social Security Benefits Are Yours To Keep In Full

You would think Social Security income wouldn't be subject to taxes -- but you'd be wrong. At the federal level, whether or not those benefits are taxable boils down to your provisional income, which is your non-Social Security income plus 50% of your annual benefit. If that total lands between \$25,000 to \$34,00 and you're a single tax-filer, you may be taxed on up to 50% of your benefits. If that total exceeds \$34,000, you risk taxes on up to 85% of your benefits.

If you're married filing a joint tax return, these thresholds are a bit higher. A provisional income between \$32,000 and \$44,000 opens you up to taxes on up to 50% of your benefits, and beyond \$44,000, you could face taxes on up to 50% of your benefits.

In addition to federal taxes, there are 13 states (**ARIZONA does not**) that impose their own tax on benefits, and while some do offer exemptions for low or moderate income seniors, several don't. The point, therefore, is that you shouldn't assume you'll get to keep your entire Social Security benefit, because that may not be the case at all.

### Read Up On Social Security

Social Security is loaded with rules, and it's hard to keep track of how the program works. But the more knowledge you arm yourself with ahead of retirement, the better positioned you'll be to make the most of your benefits.

## Medicare 2021 Updated Numbers That Mean \$\$\$ To Your Bottom Line



### Part B Standard Premium Is **\$148.50**

#### PART B INCOME RELATED ADJUSTMENTS

Single Filer	Joint Filer	Part B IRMAA	Part D IRMAA
\$88,000 or less	\$176,000 or less	\$0	\$0
\$88,001 to \$111,000	\$176,001 to \$222,000	\$207.90	\$12.30
\$111,001 to \$138,000	\$222,001 to \$276,000	\$297.00	\$31.80
\$138,001 to \$165,000	\$276,001 to \$330,000	\$386.10	\$51.20
\$165,001 to \$500,000	\$330,001 to \$750,000	\$475.20	\$70.70
\$500,001 and above	\$750,001 and above	\$504.90	\$77.10

### Part A Premium Costs

While 99% of people don't pay a monthly premium for Part A, we've been getting more questions about people needing to buy it. If you do buy Part A, you'll pay up to **\$471 each** month if you paid Medicare taxes for less than 30 quarters. If you paid Medicare taxes for 30-39 quarters, the standard Part A premium is \$259.

#### PART A DEDUCTIBLE + COINSURANCE

**\$1,484 deductible for each benefit period**

Days 1-60: \$0 coinsurance for each benefit period

Days 61-90: \$371 coinsurance per day for each benefit period

Days 91 and beyond: \$742 coinsurance per each "lifetime reserve day" after day 90 for each benefit period (up to 60 days over your lifetime)

Beyond lifetime reserve days: all costs

## PART B DEDUCTIBLE IS **\$203 deductible**

## 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**  
Monday, January 18th  
1:30pm to 2:30pm



**Online Workshop**  
Tuesday, January 19th  
11:00am to 12:00pm

**Online Workshop**  
Wednesday, January 20th  
5:30pm to 6:30pm

## MARICOPA & PINAL COUNTY

**Online Workshop**  
Thursday, January 21st  
6:30pm to 7:30pm

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