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## THE INCOME ANNUITY A RETIREE'S LIFE JACKET

Imagine that you have joined some friends for a day of fishing. About two miles offshore, you sense that something is wrong. The small, single engine boat's handling has changed. There seems to be more drag. The water level is higher than normal. It's becoming obvious that a serious problem is unfolding.

One of your friends determines that the bilge contains more water than normal. And it's filling rapidly. Then, the reason is discovered. The bilge drain plug is missing. Panic sets in. Immediately, you recognize that you are too far out to swim to shore. You have been thrust into a crisis. Frantically, you begin opening hatch covers and doors to various compartments. You quickly locate several life jackets. Snatching one, you say to yourself, **"This is the one and only thing that can save my life."** And it does.

*By Thomas Shultz*

While filled with high stakes circumstances, this little story had a happy conclusion. You survived thanks to a tool that, when it was most needed, simply did its job.

For many a retiree, the financial equivalent of the life jacket is an annuity. It is the one and only tool that can save a retiree's income. And for this reason alone, its popularity should be far greater than it is.

The fishing trip tale represents how I think about the role of an annuity in the context of a constrained investor's planning for retirement income.

### Are You a Constrained Investor?

The good news is that constrained investors reach retirement with savings. The not-so-good news is that the amount of money

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# APRIL

Check The Boxes!!  
Inside This Issue

RETIREMENT 101	1
CORALYN'S CORNER	4
RITA'S REVIEWS	5
HEALTH CARE HACKER	6
FUN STUFF	8
SOCIAL SECURITY	9
MONTHLY RATES	10
WORKSHOPS	11



they've accumulated is not high compared to the level of income the retiree needs his or her savings to produce. For the purposes of the following example, I will define "**income the retiree needs**" as the amount of annual income required to fund one's minimally acceptable lifestyle.

Social Security and any pensions will cover part of the income a retiree needs. The remainder must be generated by the retiree's savings. The difference between the two is what we refer to as the income gap.

Consider the example of a recent client we will call Carol. At 66 years of age, and a widow, Carol is in good health. She has seen firsthand the reality of someone spending many years in retirement. That's what happened to Carol's mom. By the time she passed at age 96, Carol had an acute sense that her own retirement could endure for decades.

A disciplined saver, Carol has accumulated a nest egg. But she doesn't know how much she can safely spend each month, nor how much risk to take. As a result, Carol is reluctant to spend more than needed to meet her minimum needs.

Carol has accumulated savings of \$875,000. She also has a Social Security monthly retirement benefit of \$2,100. Importantly, for her peace-of-mind, Carol requires a total monthly income of \$5,200.

Subtracting her Social Security income from her total monthly income goal, we find that Carol has an income gap of \$3,100 per month or \$37,200 annually.

## The Income to Assets Ratio

The income-to-assets ratio offers an uncomplicated way to determine if you are a constrained investor. Just divide the annual income you need your savings to produce by the total amount of savings available to produce income. If the resulting percentage is 3% or more,

you are a constrained investor. In Carol's case, it looks like this.

$$\$37,200 \div \$875,000 = .0425, \text{ or, } 4.25\%$$

4.25% is greater than 3%. Therefore, with an income-to-assets ratio of 4.25%, Carol is a constrained investor.



Now that we know that Carol is a constrained investor, what does it mean? In a word, caution.

Carol's savings are going to be under pressure to deliver the level of income she desires. In practice, Carol has little or no margin for error in terms of investing mistakes. She really will need the help of a financial advisor who specializes in retirement income planning (**we helped her**).

Carol received from us a formal, written plan which describes how her income will be created. To be financially successful over the course of retirement, she will need to be consistent with her investing strategy, remaining invested through all market conditions. At times, for most investors, this can be a challenge.

An income plan that balances safe investments with appropriate exposure to stock market growth potential can offer Carol several significant benefits including safe monthly paychecks throughout retirement.

The aspect of safe monthly paychecks adds a strong degree of emotion management that makes it easier for retirees like Carol to remain consistent

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with investments. Because they promote staying power, income plans that balance safety, and an appropriate degree of risk are generally the best option for Constrained Investors.

## Carol's Longevity Risk

Is living a long life really a risk? In financial terms, it absolutely is an incredibly significant risk. Recall that Carol's mom lived until she was 96 years of age. What would happen if Carol outlived her mom by, say six years? That would mean that Carol would live until 2058, at which time she will be 102 years of age. Sounds far-fetched? It's not.

In 2021, there were 936,000 people in the United States who reached age 100. It is projected that there will be more than five million by 2058. Carol could very well find herself among that group of American centenarians.

## Longevity and Inflation

Adding to Carol's longevity risk is the issue of inflation. You know that it has been surging of late, reaching 7.5%, a level not seen in the United States since the 1970s.

The twin risks of longevity and inflation should motivate any constrained investor to find that balance between safe investments and exposure to equity growth potential. This is vital because, for decades, stocks and alternative investments have proven to keep pace with inflation. An income planning specialist is accustomed to helping investors construct this type of balanced plan.



Retirement doesn't have to end up like a disastrous fishing trip. The key to success begins

with recognizing the type of investor you are. If you determine that you are a constrained investor, you should be confident about your financial security in retirement.

But don't wait to take the planning steps that will provide you the best chance of having an income that both keeps pace with inflation and lasts for life.

*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*

**April 2022**

**ALTERNATIVE BOND RATES**

**12 Month Coupon**

**6.50%**

**Dividend Paid Monthly\***

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**Dividend Paid Quarterly\***

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## CORALYN'S CORNER

Every month, my corner is to keep you updated on changes in our world, [AZMedicare101.org](http://AZMedicare101.org), [LyfeAdvisors](http://LyfeAdvisors) and our family.



It's crazy to think we are already one fourth of the way through 2022!

We are very proud to say that **FINALLY** we think we have solved most of the drug plan problems. *(great job Cat!)*

Still, please check your bank accounts monthly to make sure the auto-deductions are continuing to be processed so there are no surprises. I hope next year these drug companies staff themselves properly so we won't have to deal with so many issues.



To end the month of March, Thomas and myself went on a much needed trip, all the way to Costa Rica. This was my first time traveling outside of the country since the pandemic began and it's amazing how much things have changed. Security lines at the airport are insane, and if it hadn't been for Thomas doing what he does best (convincing people to help him) we would have missed our flight.



The travel to and from literally wasted 2 full days, but the three days

of rest and relaxation that we got was well worth it.

This was a business trip and one of the few times per year Thomas gets to hang out with his business partners in the Medicare101 system, so he really enjoyed it. After so many years of working together, they all have become very close and it's nice to see him hang out with people under 65 for a change (that was a joke kind of!)

We stayed at an all inclusive resort (Westin) and as usual I overindulged, but I am hitting the gym consistently in the month of April so I can justify it to myself.



The best part to me was the 30 dollar massages on the beach that were available all day long.

The highlight for Thomas was learning to play pickleball. His team lost in the tournament final, but he can't wait for a

rematch next year!

The only downside to our trip was coming home to find our doggy, Adobo, not doing so well. Adobo, our 16 year old Shih Tzu, has issues with his neck and back and had to be taken to the vet for pain meds and an injection. The good news is he is on the mend, and I'm sure he'll will soon be back to his old self.

*Coralyn Shultz*

## RITA'S REVIEWS

*Every month, my husband and I enjoy trying out places to eat. This month we enjoyed a Southern location in the Camelback area called "Southern Rail".*



Once again, my family was together to celebrate my son's birthday and we looked for something new. We settled on the Southern Rail which is the sister restaurant to Beckett's Table. These two restaurants were started by Chef Justin Beckett and his wife Michelle along with their friends, Katie and Scott Stephens. Beckett's Table was opened in 2010 and Southern Rail was opened in 2014. The Southern Rail had won several awards in 2019 for their fried chicken. As we are from the South



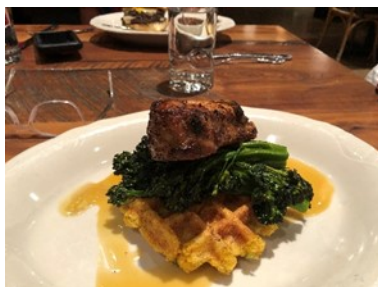
every so often some good Southern cooking is needed. The menu is not extensive but includes some Southern standards such as collard greens, grits, deviled eggs, and fried green tomatoes. Of course, they did not have any fried green tomatoes



when we were there. They had a few selections for soup and salad and only 9 selections for the main entrée. There was a kid's menu as well as desserts. There was a huge selection of wines, bourbons, beers, and cocktails.

For appetizers, we chose the deviled eggs and dirty rice balls. The eggs were ok but the dirty rice balls were great.

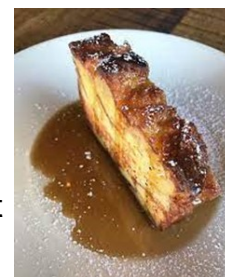
For our main entrees we chose the meatloaf, steak, fried chicken, pork chop and cheeseburger with gumbo. Mom loved the meatloaf and sides.



The fried chicken was bland and had too much breading. The steak had good flavor but was served cold and the pork chop was good but undercooked. The collard greens and broccolini were good but the cornbread waffle that came with my pork chop had no flavor at all and was very dry. In fact, I left most of it. I noticed after taking the pictures of our food how brown everything looked and unappealing.



The appetizers came out quickly, but we waited over an hour for our meals to be served. Unfortunately, this restaurant is facing the same dilemma that all restaurants are facing these days. Not enough servers or kitchen help and a great deal of turnover. We had already asked for a dessert to be served for the birthday boy and subsequently the bread pudding was on the house due to the wait. It was very good and they also brought a scoop of ice cream for it.



This will not be a restaurant that I return to due to the lack of flavor in the food and the cost of the meal. I felt it was way too expensive for what was offered.

*Rita Henderson*



## Medicare Hack #31

### Medicare Enrollees Spend The Most On These 10 Prescription Drugs

### How It Affects You



In a recent story, AARP researchers found that the prices of 75 of the 100 brand name drugs that Medicare spends the most money on were raised in January 2022. In what may come as unsurprising economic news, none of the top brand name drugs experienced a list price decrease.

Of those 75 top brand name drugs, the average list price increase was 5.2%. Prices increased between 2.0% and 7.9% for these drugs, and more than half of these drug prices increased by 5.0% or more. Those same 75 drugs represented \$93.2 billion in total Medicare Part D spending in 2021. That is almost half of the \$198.7 billion that Medicare Part D spent on all prescription drugs the same year.

According to the AARP Public Policy Institute, the impact of the aforementioned price hikes will be considerable on Medicare Part D. Costs for both the program itself and its beneficiaries, who take an average of four to five prescriptions a month and have a median annual income of just under \$30,000, will have to increase.

Increasing drug prices will affect all Americans in terms of increased cost sharing premiums for those with health insurance — and higher taxes for all due to increased government spending. Pricing older people out of what they can afford for drugs and premiums may force more and more to stop taking their necessary medications altogether.

AARP's Fair Rx Prices Now campaign is pushing for legislation that would provide Medicare with

improved price negotiation power concerning pharmaceutical companies, levy tax penalization on drug manufacturers who raise prices at a rate greater than overall inflation — a scenario which occurred every year between 2006 and 2020, per AARP — and place a cap on Part D out-of-pocket costs.

By calling into question the drug industry's more contentious pricing practices, it is hoped that all Americans will benefit from some form of price stabilization and greater financial relief.

Based on recent data, the following list details the drug brands that Medicare spent the most money on in 2021 — with information on their uses, attached Medicare spending in 2021, number of beneficiaries using said drug, and the drug's relative price increase in Jan. 2022.



#### 1. Eliquis

**Use:** A blood thinner for people with atrial fibrillation (A-fib)

**Medicare spending in 2021:** \$9.9 billion.

**Number of beneficiaries:** 2,641,941.

**January 2022 price increase:** 6%

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## 2. Revlimid

**Use:** To treat cancer  
**Medicare spending in 2021:** \$5.4 billion  
**Number of beneficiaries:** 43,747  
**January 2022 price increase:** 4.5%

## 3. Xarelto

**Use:** A blood thinner for people with atrial fibrillation (A-fib).  
**Medicare spending in 2021:** \$4.7 billion.  
**Number of beneficiaries:** 1,184,718.  
**January 2022 price increase:** 4.9%.

## 4. Januvia

**Use:** To treat diabetes  
**Medicare spending in 2021:** \$3.9 billion  
**Number of beneficiaries:** 934,686  
**January 2022 price increase:** 5%

## 5. Trulicity

**Use:** To treat diabetes  
**Medicare spending in 2021:** \$3.3 billion  
**Number of beneficiaries:** 497,327  
**January 2022 price increase:** 5%

## 6. Imbruvica

**Use:** To treat cancer  
**Medicare spending in 2021:** \$3 billion  
**Number of beneficiaries:** 26,847  
**January 2022 price increase:** 7.4%

## 7. Jardiance

**Use:** To treat diabetes  
**Medicare spending in 2021:** \$2.4 billion  
**Number of beneficiaries:** 594,859  
**January 2022 price increase:** 4%

## 8. Humira (Cf) pen

**Use:** To treat rheumatoid arthritis, plaque psoriasis  
**Medicare spending in 2021:** \$2.2 billion  
**Number of beneficiaries:** 42,406  
**January 2022 price increase:** 7.4%

## 9. Ibrance

**Use:** To treat cancer  
**Medicare spending in 2021:** \$2.1 billion  
**Number of beneficiaries:** 21,394  
**January 2022 price increase:** 6.9%

## 10. Symbicort

**Use:** To treat asthma  
**Medicare spending in 2021:** \$2 billion  
**Number of beneficiaries:** 1,017,530  
**January 2022 price increase:** 2%

**Need Help With Medicare?**  
**CALL US at**  
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## Map to our NEW Scottsdale Office



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## Financial Wellness

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L S Z N M K R O Z P Q Y M K S Y T D A I J M R W  
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Z Y V F Q A F D K J S P O T I S O P E D K A Y Q

ACCOUNT  
CASH  
FINANCES  
LOAN  
PERCENTAGE  
STOCKS

BANKING  
CREDIT SCORE  
INVESTMENT  
MANAGEMENT  
PROFIT  
TAXES

BILLS  
DEFICIT  
LINE OF CREDIT  
MONEY  
RETIREMENT  
WITHDRAWAL

BUDGET  
DEPOSIT  
LIQUIDITY  
PAYMENT  
SAVINGS

## April Quiz

## Question 1:

Which famous author was born in April 1564?

- A. Shakespeare
- B. Dickens
- C. Hemmingway

## Question 2:

Which country celebrates Anzac Day?

- A. Canada
- B. Russia
- C. Australia

Question 3: Which fast food franchise first open in April of 1955?

- A. Burger King
- B. McDonald's
- C. Checkers

## Answers for March

Question 1: How many March Madness basketball tournaments have their been?

C. 81

Question 2: Who has won the most NCAA basketball championships?

A. UCLA

Question 3: How many hours are in the month of March?

C. 744





## Pros and Cons of Delaying Social Security

The decision of when to claim Social Security is a top concern for pre-retirees and for good reason: Claiming too early and locking in a lower payment can prove to be a mistake for people who experience longevity, while delaying in order to secure a higher payment, then meeting an early demise, can leave money on the table.

Statistically speaking, you'll receive roughly the same total dollar amount whether you start claiming at age 62, age 70, or any time in between — that is, assuming you live to the average life expectancy. But for those of us without a crystal ball to predict the exact moment of our death, the decision is multifaceted.

The primary reason people start collecting Social Security early is simply because they need the money. Others unnecessarily think that if they stop working (aka retirement) then they must claim their benefits, whether they need the money or not. If you can pay for your retirement expenses from savings for at least a couple of years, then it's worth considering putting off filing for your benefit to lock in a higher monthly payment for life, even if you wish to officially retire from the workforce much earlier.

**Let's see 5 pros and cons of delaying your benefit to the maximum of age 70.**

**Pro #1:** *You lock in a larger lifetime stream of income.*

**Pro #2:** *Your benefit increases each year you delay, up to 8% per year when you postpone beyond your full retirement age.*

**Pro #3:** *Your COLA increases will be larger.*

**Pro #4:** *You can change your mind at any time.*

**(Little Known Fact)** *once you exceed your full retirement age, you can elect to receive up to six months' retroactive benefits in a lump sum. This can help alleviate one of the primary concerns that people have, which is that they might regret delaying Social Security benefits if they experience a health diagnosis or other circumstance that reveals the possibility of a shorter-than-expected lifespan or a need for a large cash infusion.*

**Pro #5:** *Tax diversification.*

**Con #1:** *The break-even point is typically 12 to 14 years away.*

**Con #2:** *It's not just about the money.*

**Con #3:** *Health issues and fear of sudden death.*

**Con #4:** *Stock market fluctuations can cause uncertainty.*

**Con #5:** *The future of Social Security is uncertain.* As noted above, some people claim benefits early because they know that the Social Security system is underfunded with a projected shortfall estimated by the year 2034. While there is no reason to believe that Social Security will go away completely, there's no guarantee they won't reduce payments to retirees, especially those with higher incomes.

In conclusion, if you can afford to delay receiving benefits and you have reason to believe you'll enjoy a life expectancy well into your 80s or beyond, you'll end up collecting more from the current system if you wait until you reach age 70 than if you claim earlier. Beyond that, remember that it's best to avoid claiming just because you feel like you should. Make sure your decision is an informed one.

## Medicare Supplement Rates

### Lowest Medicare Supplement Rates

#### For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Amerigroup (Anthem)	\$115.52
Male	65	G	Amerigroup (Anthem)	\$124.74
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	Medico	\$117.48
Male	66	G	Blue Cross Blue Shield	\$133.57
Female	66	GHD	Medico	\$40.53
Male	66	GHD	New Era Life	\$45.54
Female	66	N	Medico	\$91.24
Male	66	N	Aetna	\$105.62

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 04/01/2022

## Interest Rates

### Highest CDs and Share Rates

#### Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CIBC Bank	1.25%
2 year	Synchrony Bk	1.60%
3 year	First Internet Bk	1.51%
4 year	First Internet Bk	1.61%
5 year	Synchrony Bk	2.00%

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 04/01/2022

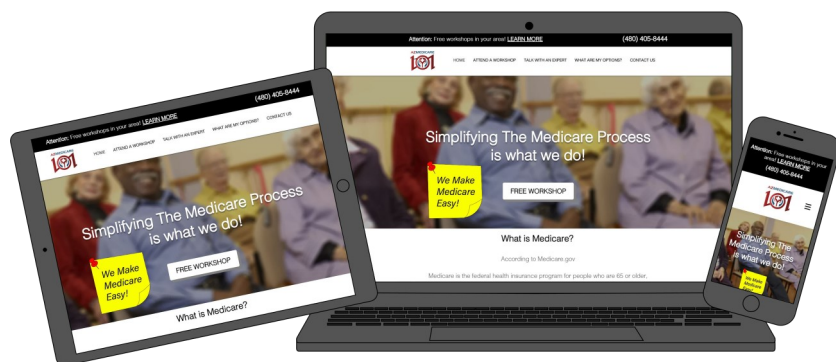
## Highest Fixed Annuity Rates

### Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Guggenheim Life	3.10%
4 year	Guggenheim Life	3.15%
5 year	Farmers Life	3.50%
7 year	USA Life	3.55%
10 year	American Century	3.70%

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 04/01/2022

Visit us Online at  
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## 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, April 18th  
5:30pm to 6:30pm



### Online Workshop

Tuesday, April 19th  
1:30pm to 2:30pm

### Online Workshop

Wednesday, April 20th  
1:30pm to 2:30pm

Maricopa &  
Pinal Counties In Blue

### Online Workshop

Wednesday, April 20th  
5:30pm to 6:30pm

Pima County In Red

### Online Workshop

Thursday, April 21st  
6:30pm to 7:30pm

*"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





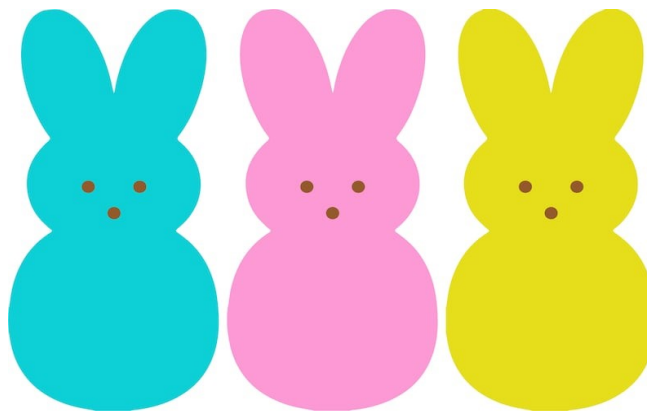


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