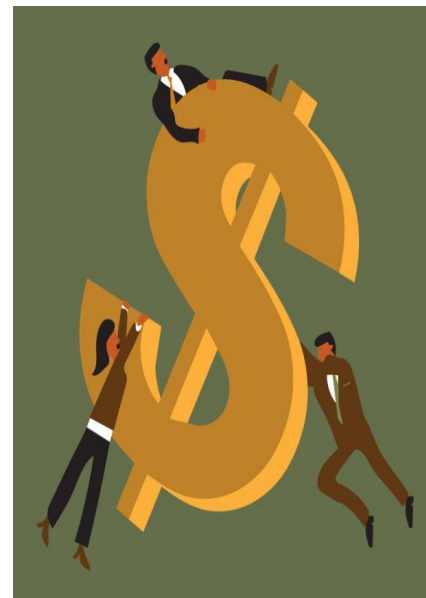


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## HOW TO PROTECT YOUR 401(K) An In-Service Distribution Will Minimize Your Risk Before The Market Drops Further

*By Thomas Shultz*

A client recently walked into our office and put her 401(k) statement on my desk. She looked at me, pointed to the document and asked, "How do I make sure the same thing that happened to me in 2008 when the market crashed doesn't happen this time? I lost almost 45% of my account value then and now that I am only 1 year away from retirement I can't afford for that to happen again. I'm already down 25% and I can't afford another 15%."

We reviewed her statement, investment options and expenses, then considered her ability to lower risk inside the 401(k). Most 401(k) accounts have no option for cash or money market investments and usually the safest asset allocation models are called "Target Funds", which use a blend of mutual funds and bonds.

Unimpressed, her next question was, "Is there anything else I can do?" I then asked her if she'd ever considered an In-Service Distribution. She looked at me with puzzled eyes that immediately let me know she had no idea what I was talking about.

Most people diligently focus their energy on accumulating assets into their 401(k) or 403(b) employer plans, but they don't take the time to understand all the associated rules; specifically, In-Service distributions and other options those plans may afford to them as they approach retirement age.

Most are aware they have the option to roll their employer plan over to an Individual Retirement Account (IRA) when they retire. However, very few know that they can take a

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# October

4th Quarter Is Upon Us....  
**Inside This Issue**

RETIREMENT 101	1
CORALYN'S CORNER	4
RITA'S REVIEWS	5
HEALTH CARE HACKER	6
FUN STUFF	8
2023 MEDICARE	9
MONTHLY RATES	10
WORKSHOPS	11



distribution from the plan while they're still employed with the company. The employee must be over the age of 59 and a half to access most of their funds and because of the market crash in 2008/2009, most companies now offer this as an option to "Vested" employees.

The In-Service Distribution allows you to initiate a tax-free, trustee-to-trustee rollover into an IRA while you're still employed, offering advantages heading into retirement. The rollover can be made from a traditional employer plan, a Roth employer plan or a combination plan.

### Advantages of In-Service Distributions

**Total Control:** Once you roll employer plan dollars over to your IRA, you have total control and ownership of that investment. You can choose the investment strategy and the custodian without any restrictions, including unlimited withdrawal options. Under your employer's plan, you're restricted to the investments they select and face potential blackout periods, related fees and limited distribution options.

**Diversification:** If you opt to roll over your employer plan dollars, you'll be able to choose the investments you want in your IRA without being subject to the limited options of an employer plan. Or, you can use the In-Service Distribution to enjoy the best of both worlds by leaving some dollars in the employer plan and transferring some to your IRA.

**Fees:** IRA owners are able to shop and compare competitive fee pricing, which can result in savings compared to employer plan fees. Our clients often say, "Oh, there are no fees in my 401(k)," but we know this isn't true. Under ERISA, Code sections 408(b) (2) and 404(a) (5) require all plan participants to receive a full disclosure of fees related to their company plan, including indirect and direct compensation and services.

### Disadvantages of In-Service Distributions

**After-tax Dollars:** Some qualified plans allow you to contribute after-tax dollars so be sure these monies are distributed to a Roth IRA or non-qualified accounts, as you don't want to co-mingle after-tax dollars with pre-tax dollars. If this happens, you will be required to complete IRS tax form 8606 every year thereafter on your federal taxes to inform the IRS what amount of after-tax money is in your pre-tax IRA. It's much easier to segregate the two balances and have 100% access to your after-tax dollars.

**No Required Minimum Distributions (RMDs):** Individuals are required to start taking their Required Minimum Distributions (RMDs) the year they turn 72, or by April 1 the year following. The amount of money they must withdraw is based on the Single Life expectancy table or Joint Life expectancy table. If individuals do not take the appropriate distribution, the IRS can penalize them up to 50% of the RMD. Employees who remain working for the employer that houses their company plan do not have to take dollars out of the plan at age 72 and can waive the RMD until April 1 the year after they retire. Exceptions also exist for pre-1987 403(B) plan dollars; check your company plan for more information.

**Borrowing Availability:** You may be able to take a loan from your company plan if the plan allows. You are not allowed to borrow money from a rollover IRA or contributory IRA.

### Weighing the Pros and Cons

Our client had a pretty easy decision to make. Her company plan offered many advantages to her as an employee, but as she learned more about IRAs and with her clear desire for safety, the best choice became evident. She could remain employed and keep contributing to her employer plan, while also diversifying

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her assets and laying the groundwork for her future retirement plan by taking advantage of an In-Service Distribution. As we all know, the needs of everyone are unique. Understanding your company's retirement plans, the options available to you and when they can be used can make a real difference in your personal retirement planning.



Let's face reality....

The Federal Reserve is going to continue to raise interest rates. As rates rise, borrowing costs for companies rise as well. As costs rise for these companies, their earnings continue to go down which ultimately means their stock prices drop in tandem.

There is still time to rebalance your portfolio and protect your assets from another 10-15% market correction.

*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 FIXED ANNUITY RATES OCTOBER 2022

**4.25%**

**2 Year Fixed Annuity**

**4.90%**

**3 Year Fixed Annuity**

**5.50%**

**5 Year Fixed Annuity**

**TO FIND OUT MORE  
CONTACT US AT**

**(480) 626-0296**

**Or email [info@lyfebeast.com](mailto:info@lyfebeast.com)**



## 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.



AEP (Annual Enrollment Period) 2023, I can't believe it's already here. This will be my 3rd year helping AZMedicare101 complete this crazy task, but I feel like we are more equipped today for the challenge than ever before.

Rita, Cat, Beverly and myself have been laser focused on getting ahead of the curve this fall, and the government helped us as well by making the least amount of changes to prescription drug plans since 2013.

What that means for a lot of our clients is no changes for 2023, which we are excited about. Nevertheless, there are still thousands of you that will require a change and we will be reaching out to you in the coming weeks to help you with that process.

From a personal perspective, the month of September was one of the most difficult months of our entire lives.

Many of you who have been to our office have met our dog, Adobo, as over the past couple of years he has been a fixture on most days. He would waddle around from office to office with his diaper on to greet any new person or smell he encountered. Adobo was 15 years old, and would have turned 16 on October 8th.

The past few months for him were not good, as he completely lost his hearing and almost all of his vision. A few weeks ago, out of the clear blue, he lost the ability to control his hind legs. The saddest part was seeing his determination to get up and walk but his body just not cooperating.

Thomas and I took him to the miracle worker here in Phoenix, a renowned pet chiropractor that has brought many animals back to functioning. After a couple of visits, the doctor let us know that there was nothing he could do for Adobo and it was time to say goodbye.



Putting down our beloved Adobo was the hardest thing I have ever had to do. Adobo had been with Thomas and I longer than our son Jackson, who is getting ready to turn 12 years old. For every day of Jackson's life, Adobo had always been there.

Luckily, we were able to find a fantastic service that I would recommend to anyone and have him take his last breaths in his favorite spot in our home, with all three of us holding his hand.

Adobo will be forever missed....

*Coralyn Shultz*

## RITA'S REVIEWS

*Every month, my husband and I enjoy trying out places to eat. This month we decided to finally try Carlsbad Tavern on Hayden Road in Scottsdale...*



My husband and I have driven south on Hayden Road so many times and every time we notice this restaurant but had never stopped in. So, this

weekend we decided it was about time to try it. The archway always caught my eye which leads into the outdoor patio area surrounded by "The Guano Canal" water feature. And when I looked it up online, I loved the interior and exterior décor.

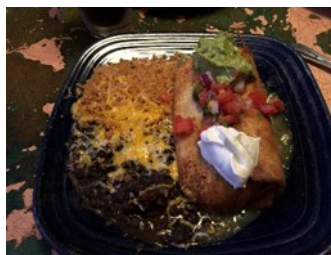


The restaurant was founded by Michael Capriola and his son, Andrew Capriola with Judith Merritt in 1995 but not at its current location. The restaurant was moved to the Hayden road



location in 1998 and has always been a family-run establishment. The theming comes from the Carlsbad Caverns in New Mexico, thus the New Mexican cuisine. It has the feel of a bat cave interior complete with bats hanging from the ceiling in parts of the dining area. Regulars to the restaurant are called "Bat Fans".

The restaurant is open daily from 11:00 am to 2:00 am Monday through Friday and 10:00 am to 2:00 am on Saturday and Sunday. Happy Hour is everyday from 2:00 pm to 6:00 pm and there is a late-night menu available from 10:00 pm to 2:00 am. On Saturdays and Sundays there is a Brunch menu available from 10:00 am to 1:00 pm



which consists of a variety of egg dishes with a New Mexican twist.

The menu offers appetizers, soups, salads, burgers, sandwiches and wraps plus a Green Chile Trail section

that has some of the traditional Mexican dishes but with a more New Mexico Hatch green chile taste. The entrée section for dinner includes a variety of steak cuts along with some chicken and seafood dishes. They offer desserts, a Kid's Korner menu and a large selection of drinks and



cocktails.



We had chips and two salsas (*no free chips here*) for the table. I must say the salsas were ok but nothing special. My husband had the Silver City Chimi with

Machaca and loved it. The black beans were especially good. I, of course, had the chicken chopped salad and my mom convinced them to let her have the fish & chips from the dinner entrée. Everything was great and the servings were large. Next time we are going later for the dinner menu and to enjoy the outdoor patio. I want to try the lobster enchiladas.

*Rita Henderson*



## Medicare Hack #37

# When 9 Biggest Medicare Changes Under New RX Law Go Into Effect



The Inflation Reduction Act of 2022 will transform Medicare's prescription drug coverage through provisions that for the first time will allow the program to negotiate prices of some medications with drugmakers, cap out-of-pocket costs for beneficiaries and make vital vaccines free to enrollees.

As with many new pieces of legislation, these changes will roll out over time. Here's a year-by-year look at how and when the landmark legislation will affect Medicare beneficiaries. The benefits of the law will apply both to people enrolled in original Medicare and those who belong to Medicare Advantage plans.

### 2023

**Vaccines:** Vaccines recommended for adults by the Centers for Disease Control and Prevention's Advisory Committee on Immunization Practices (ACIP) will be free to Medicare beneficiaries.

**Notably, the vaccine for shingles, a two-shot regimen that cost hundreds of dollars, will be available at no cost.**

**Insulin:** Beginning this year and continuing through 2025, copays for a 30-day supply of insulin covered by Medicare Part D will be capped at \$35. This copay amount will be in place even if you haven't yet satisfied your annual Part D deductible. In 2026 and beyond, the monthly insulin copay will be \$35 or 25 percent of the medication's negotiated price, whichever is lower.

**Price hike penalties:** Pharmaceutical companies will be subject to penalties if they raise their prices more than the rate of general inflation. These companies will have to pay Medicare a rebate for

the amount of their price hike that was above inflation. The penalty will apply to all Medicare sales of that particular drug.

### 2024

**Part D out-of-pocket costs:** Part D plan members whose drug costs are so high that they enter the catastrophic phase of coverage will not have any more out-of-pocket costs for the rest of the year. In 2022, the out-of-pocket threshold for that coverage phase is \$7,050, a limit that generally increases every year. Until 2024, the 5 percent copay for catastrophic coverage will remain in effect.

**Part D premium limitation:** From 2024 through 2029, Part D plans cannot increase their premiums more than 6 percent per year. Beyond 2029, it will be up to the secretary of Health and Human Services to determine the premium growth limit.

**Financial aid:** The government will expand the eligibility for the Extra Help program, which assists people with limited incomes in affording their prescription drug costs, such as premiums and copays. This year the income threshold that will qualify Medicare enrollees for the program will increase from 135 percent of the federal poverty level to 150 percent (\$20,385 for an individual in 2022).

### 2025

**Out-of-pocket-cap:** The maximum amount people with Medicare will have to pay out of pocket for their prescription

**Cont. next page**

drugs will be \$2,000 a year. This limit, the first of its kind, will apply both to people with stand-alone Part D plans and to people who get their drug coverage through a Medicare Advantage plan.

### Paying Part D premiums:

Part D members will have the option of spreading out cost-sharing payments over the course of the year, something Medicare is calling "smoothed" cost sharing. This is designed to protect people from being hit with such a big drug bill at one time that it might discourage them from filling or taking a prescription.



## 2026

### Price Negotiations:

Consumers will begin to benefit from the first 10 prescription drugs under Part D that will be subject to price negotiations. Medicare will negotiate prices for up to 10 drugs in 2026, up to 15 drugs in 2027 and 2028, and up to 20 drugs in 2029 and beyond. By 2029, that means

a total of up to 60 drugs could be subject to negotiation. For Medicare Part B drugs (those typically administered in a hospital or doctor's office), price negotiations will take effect in 2028.

## Need Help With Medicare?

**CALL US at**  
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We're on the corner of  
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Ranch Parkway right beside  
Luci's and right above  
Crumbl Cookies



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BAT CANDY GHOST HALLOWEEN  
PUMPKIN SCARY SKULL  
SPOOKY TOMBSTONE VAMPIRE

## October Quiz

### Question 1:

How many pounds of Candy Corn are produced each year?

- A. 22 million
- B. 57 million
- C. 35 million

### Question 2:

How much did Americans spend on Halloween in 2021?

- A. 4.35 billion dollars
- B. 10.14 billion dollars
- C. 8.76 billion dollars

**Question 3:** What famous magician died on Halloween night?

- A. Ricky Jay
- B. Harry Houdini
- C. David Copperfield

## Answers for September

**Question 1:** Who directed the movie, "September"?

**B. Woody Allen**

**Question 2:** What is the birthstone for September?

**C. Sapphire**

**Question 3:** What happens more in September than any other month in the United States?

**B. Babies are born**



## Medicare 2023

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



**Part B Standard Premium Is \$164.90 (down from \$170.10)**

#### PART B INCOME RELATED ADJUSTMENTS

Single Filer	Joint Filer	Part B IRMAA	Part D IRMAA
\$97,000 or less	\$194,000 or less	\$0	\$0
\$97,001 to \$123,000	\$194,001 to \$246,000	\$230.80	\$12.20
\$123,001 to \$153,000	\$246,001 to \$306,000	\$329.70	\$31.50
\$153,001 to \$183,000	\$306,001 to \$366,000	\$428.60	\$50.70
\$183,001 to \$500,000	\$366,001 to \$750,000	\$527.50	\$70.00
\$500,001 and above	\$750,001 and above	\$560.50	\$76.40

## 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 **\$506 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 **\$278 each month**.

#### PART A DEDUCTIBLE + COINSURANCE

**\$1,600 deductible for each benefit period**

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

Days 61-90: \$400 coinsurance per day for each benefit period

Days 91 and beyond: \$800 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

# FOR 2023 THE PART B DEDUCTIBLE IS **\$226**

## 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	Blue Cross Blue Shield	\$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	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	Aetna	\$91.80
Male	66	N	Medico	\$102.65

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 10/01/2022

## Interest Rates

### Highest CDs and Share Rates

### Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	Banesto USA	3.85%
2 year	Merrick Bank	4.00%
3 year	Quorum Bank	4.00%
4 year	Merrick Bank	4.00%
5 year	Merrick Bank	4.00%

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 10/01/2022

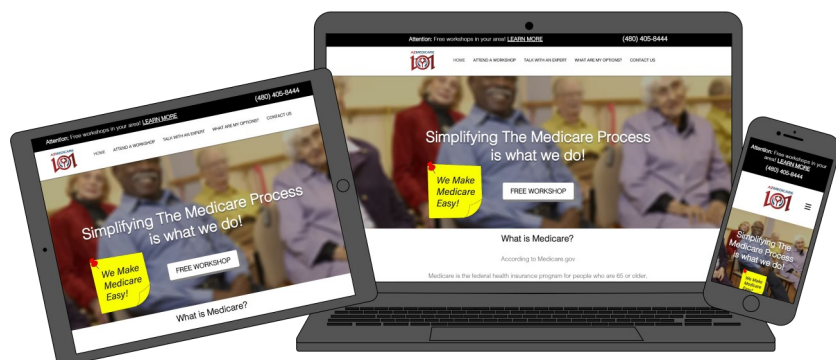
## Highest Fixed Annuity Rates

### Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	CL Life	4.76%
4 year	Nassau Life	4.60%
5 year	Athene	5.00%
7 year	ASPIDA	5.15%
10 year	Farmers Life	4.85%

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 10/01/2022

Visit us Online at  
**www.AZMedicare101.org**



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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, October 24th  
1:30pm to 2:30pm

### Online Workshop

Thursday, October 27th  
5:30pm to 6:30pm

### Online Workshop

Saturday, October 29th  
11:30am to 12:30pm

**Workshops Are For  
Entire State Of Arizona**

*“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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**Thank you for helping spread the LYFE Advisor's message.**