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## With Inflation Still Sky High, Americans Yearn For Pensions In Retirement. The Answer May Be Annuities

*By Thomas Shultz*

Inflation continues to ravage Americans' savings, making them nostalgic for a retirement benefit of yesteryear: the pension.

Ninety percent (90%) of Americans saving in a company retirement plan, such as a 401(k), worry that it won't provide a reliable stream of income that can withstand the financial strains posed by inflation, which hit a 40-year high in 2023, according to a survey of 1,003 plan participants last fall by Greenwald Research.

Seventy-six percent (76%), up six percentage points from a year ago, worry they'll run out of money, and 83% (eighty-three percent) now want guaranteed lifetime income, the poll by the independent researcher said.

Until about the 1980s, the pension, or defined benefit plan, "was a very, very successful program for people," said Phil Maffei, head of

corporate retirement solutions at insurance company TIAA. "You would get a portion of your income delivered as income for life when you retired." Today, those are a thing of the past.

### What Happened To Pensions?

Pensions can be expensive and risky for companies. Companies fund pensions and decide how to invest and grow them to keep them fully funded. It's also tricky to predict how much an employer will need to meet their retirees' pension obligations, especially with people living longer.

Pensions also siphon away money that companies otherwise could use for investments that enhance the bottom line.

Pensions are still common in the public sector, with 86% of government workers having access to them

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*Spring is Coming....*  
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in 2022, compared with just 15% of private sector workers, according to the Bureau of Labor Statistics.

For these reasons, companies moved toward defined contribution plans like 401(k)s, which shift the risk to employees. Employees became responsible for funding their retirement plans, with the company sometimes agreeing to match a small amount. They are also responsible for investing and growing their money and deciding how much, if any, to withdraw.

### So What's Wrong With The Defined Contribution Plan, Or 401(k)?

The jump to 40-year high inflation exposed the fragility of 401(k)s. People struggling to afford everyday necessities dipped into their nest eggs or reduced their contributions. Aggressive interest rate hikes further strained household finances, and financial market turbulence deflated 401(k) balances, igniting a wave of retirement worries.

Most of the record 4.1 million boomers turning 65 each year from 2024-2027 don't have pensions, according to Jason Fichtner, chief economist of the Bipartisan Policy Center. The next-oldest generation, called Generation X, may be even worse off. They saved much less and were "the first generation to rely on 401(k) plans instead of pensions and the next in line to retire," said Deb Boyden, Head of U.S. Defined Contribution at Schroders, in a statement given in December 2023.

In January, online Medicare learning resource center MedicareFAQ.com surveyed 569 retirees, and 59% said they're concerned about their finances in retirement. Recent research from Fidelity Investments shows that while young people have recovered their 401(k) losses from 2022's market volatility, older adults haven't.

Also "the 401(k) plan was really designed to accumulate assets," Maffei said. "It never was designed to provide income." What we need to do

now is figure out how to turn that money into a lifetime stream of income, he said.

### Will Pensions Ever Return?

Maybe, but in different clothes.

When the United Auto Workers union walked out last summer at the big three automakers, one of its demands was a return to pensions. Ford Chief Financial Officer, John Lawler, called pensions a "plan of the past," and offered instead beefed-up 401(k) company matches.

What UAW finally received was an annuity option in their defined contribution plan. It essentially allows them to create their own personal pension by converting some of their 401(k) money into an annuity.

### What Even Is An Annuity?

An annuity is a contract you buy from an insurance company that can guarantee you an income. Some allow regular payouts until you die or for a fixed number of years.

How much you would receive varies, based on several factors, including age, how much you pay for the annuity, the insurance company, and the interest rates at the time the annuity was bought. Generally, annuities are popular when interest rates are rising or high because you can lock in a higher return. They're usually offered when someone's near retirement, within a 5-year window of that date, plus or minus.

Annuities have been around for a long time, but have drawn some fear that they tie up your money so you can't access it in case of an emergency.

However, proponents say many of those issues have been worked out since Congress included a provision in the Secure Act, passed in December 2019, to allow annuities inside defined contribution plans.

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For example, the UAW plan offers workers a discounted price for the annuity and is customized to make sure employees keep a portion of liquid savings.

**"Nobody should annuitize their entire (401(k)) balance," Maffei said.**

People heading into retirement should figure out what their recurring living expenses are for things like food, medical, housing, insurance premiums and what's covered by Social Security and other forms of steady income. "Whatever's left that's not covered by that secure source of income, that's probably at least the amount that you should convert from your 401(k) plan to a stream of lifetime income," he said.

You would continue to hold investments that can grow in your 401(k), but the annuity would provide some stable income.

"Employees are anxious to get income options available to them," said Wilson. "It gives them peace of mind."

"There's nothing incredibly mystical or mythical about annuities," Maffei said. "They simply are a way to insure your income stream. We insure our autos, we insure our health, we insure our home. We purchase umbrella policies. We do all sorts of insurance, and annuities are just insuring an income stream."

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

*Thomas Shultz*

## CURRENT ANNUITY RATES

### MARCH 2024

### 5.00%

#### 1 Year Fixed Annuity

### 5.25%

#### 2 Year Fixed Annuity

### 6.00%

#### 3 Year Fixed Annuity

### 6.30%

#### 5 Year Fixed Annuity

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## CORALYN'S CORNER

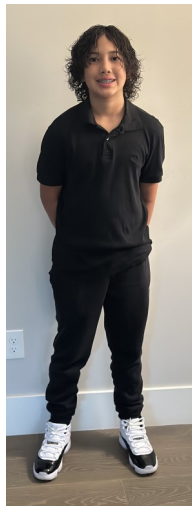
Every month, my corner is to keep you updated on changes in our world, [AZMedicare101.org](http://AZMedicare101.org), LyfeAdvisors and our family.



Another month has come and gone, and I feel like when I say this it's like a broken record, but I don't remember a time when we've been busier. With tax time approaching, the market showing signs of a bubble, and election fears here again, clients are trying to position themselves into a place of safety before it's too late. Lots of accounts being opened and monies moving, which equals lots and lots of work. The good news is our transition to Coastal/Realta Wealth has been very beneficial from an administrative standpoint, and we are able to get things accomplished much quicker than in the past, which makes us all happy.

With all the work that happened in the month of February, there wasn't a lot of time for fun but we did find a few moments in between.

Jackson attending his first dance. I cried and laughed at the same time, thinking how fast he is growing up and how old we are getting, but I must say



he is a handsome boy! *(I know I have a biased opinion)*

Jackson also got to stand on the court during the national anthem of the Phoenix Suns game against the Detroit Pistons. He thought maybe he

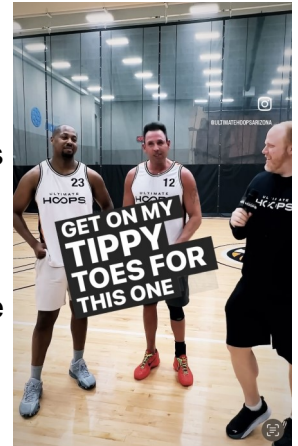


could talk Kevin Durant into signing his hat but had no luck :(

Thomas continues to defy logic and is playing basketball with 20 year olds. His team won the championship last season, and this season they are the #1 seed again out

of 18 teams. He gets all excited when he gets **INSTAGRAM FAMOUS** as his league posts videos.

Thomas and Jackson went to their annual Lakers game here in Phoenix and had a



wonderful time together.



Then I finally got to join into a little fun as Thomas and I went to go see Chris Stapleton at the Extra Innings Country Music Festival in Tempe. Any chance Thomas gets to dress up like a cowboy, he's all in!

*Coralyn Shultz*

## RITA'S REVIEWS

*Every month, my husband, mother and I enjoy trying out places to eat. This month we decided to try an old Kentucky favorite for us called "Fazoli's" in Mesa Riverview...*



My husband and I were so excited about seeing a home time favorite restaurant called Fazoli's in Mesa. It was one of those fast-food places that had really good food for a cheap price, and they came around with a basket of breadsticks to replenish your plate. In 1988, Fazoli's started with five locations in Lexington, Kentucky by Jerrico Inc. Jerrico decided to sell Fazoli's, and the new company expanded the chain rapidly. As the chain of restaurants grew it was sold again in 2008. In 2015, the restaurant chain was sold once again to the FAT Brands Inc corporation. The first location back in Arizona was inside the Sky Harbor Airport in Terminal 4 with the Mesa Riverview location being the first stand-alone location currently in Arizona. This building is much smaller than the



original version in Kentucky. In the next two years there are nine other locations in the works to open. They are open 7 days a week and their lunch and dinner menus consist of the typical Italian favorites such as spaghetti, lasagna, fettuccine Alfredo, baked ziti, chicken parmigiano, and



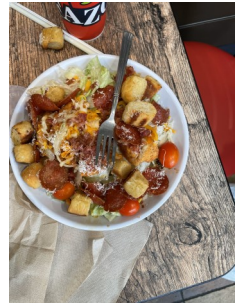
pizza.

Unfortunately, we arrived at the same time as a soccer team complete with parents and had a bit of a wait before we were able to place our order. As it is a smaller restaurant, there was very limited



seating, but they were able to complete the orders in a timely manner. My entire crew went to revisit some old favorites. Maybe since moving to Arizona, our palates have been expanded and we were a bit let down. It was good but not as good as I remember. My

husband and son ordered the Grand Sampler that had lasagna, chicken fettuccine alfredo, spaghetti with meatballs and ravioli. On the plate you couldn't tell where one started and the other began. My mother, of course, had the spaghetti with



Marinara sauce and my grandson had the fettuccine alfredo with a piece of pizza. My daughter-in-law and I had the crispy chicken bacon ranch salad. She also had a side of the wings.

Maybe because they were overwhelmed with the onslaught of people, the food was cold and not impressive. The best thing they served was the breadsticks. They were generous with them as well and gave us several to take home with our leftovers. I was disappointed with the salad and will not be returning any time soon to eat.

*Rita Henderson*

## Medicare Hack #54

### Medicare Supplement Prices Are Going Up...How Much and Why....



Seniors are feeling a hard financial hit as prices for Medicare insurance supplements are climbing in 2024.

The producer price index for these premiums was at \$170.13 in February, up from \$167.26 in January (*That's the average price a 65 year old pays in monthly premium*). All throughout 2023, Medicare insurance supplements stayed roughly the same, hovering between \$166 and \$167. The price uptick so far in 2024 largely comes down to growing healthcare costs, from medical services and treatments to prescription drug price surges, which all affect insurers' premiums. In a typical year, Medicare insurance supplements can rise a few percentage points, but current inflation can make these price changes more difficult for the average senior to sustain.

**So far in 2024, across 30 of the largest carriers, the average rate increase is upwards of 19%.**

The sheer number of seniors entering into Medicare plans can also contribute to these higher costs. As the population ages and the number of seniors enrolled in Medicare increases, the demand for Medigap plans also rises, which means prices will rise.

No matter the exact reason for growing Medicare supplement costs, those on fixed incomes will feel it the most, with many likely to be forced between choosing to pay for healthcare or other essentials like groceries and housing.

Rising premiums might result in some seniors reconsidering or dropping their Medigap

coverage, potentially limiting their access to certain healthcare services or increasing out-of-pocket expenses. If seniors do end up deciding to go without, many could end up without essential lifesaving treatment in the long run.

As more Baby Boomers retire, the aging population has become increasingly critical of the Medicare insurance options, including Medicare Advantage, which often boasts lower premiums but hidden difficulties in finding your top choice care provider, treatment approval, and high co-insurance costs is the trade-off.

Roughly 4.1 million Americans will turn 65 this year and every year through 2027, an Alliance for Lifetime Income report found, which indicates even more seniors starting Medicare coverage.

"Many of those new retirees are seeing Medicare is not a complete solution to their post-working life healthcare costs, and that increased demand paired with rising costs for labor, equipment, and medication are behind the most recent jump in price," financial literacy instructor Alex Beene said.

Traditionally, the cost of your medical policy will depend on which one you purchased initially, with some increasing in price based on the age you are (**Attained**), others determined by the age you were when the policy was issued (**Issue**), and still others based on a community (county) populous (**Community**).

The fact remains, the costs are going up because the cost of healthcare is going up each year at a rate higher than natural

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inflation. Medicare supplements tend to be more predictable over time, meaning any stark change can be a shock to seniors' living situations.

Our advice is to always look at averages and not singular year increases for carriers.

Nationally, United Health Care has the lowest average increase, hovering around 5% annually over the past decade. This year though they are also facing a 15% rate increase, which is 3 times their average but still below the 19% average across all other carriers.

There is a little bit of catch up occurring for most companies, as throughout the pandemic carriers did everything in their power to suppress their rate increases due to the uncertainty of the economy.

While you can certainly attempt to change supplement companies, it is our opinion that chasing the cheapest premium may not be the best option.

Some carriers such as Nationwide and Aflac have entered the market over the past year and have undercut pricing, placing their policies either first or second cheapest in almost every market. That might be great for year 1 or

year 2, but you can bet your bottom dollar that in subsequent years, the rate increases will be substantial, and if something happens to you health wise you will be stuck with that carrier.

If you feel like your premiums are just too high, give us a call. We can look at some different carriers or even Medicare Advantage. We are contracted with every carrier nationally for Medicare supplement plans and if there is a better alternative, we will be the first to let you know.

**ARE YOU TRYING TO FIGURE OUT WHY YOUR MEDICARE SUPPLEMENT PREMIUM WENT UP SO MUCH? CALL US TO DISCUSS CONTACT US (480) 626-0296 Or email us at [info@lyfebeast.com](mailto:info@lyfebeast.com)**

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## March Madness



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 N P A V T O T R P H X A T A T  
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**Basketball**   **Traveling**   **Court**  
**Airball**   **Shoot**   **Blocking**  
**Backboard**   **Swish**   **Bounce**  
**Slam Dunk**   **Dribble**   **Hoop**

### March Quiz

**Question 1:**

In March of 1966, who said that his band was “more popular than Jesus now”?

- A. Jefferson Airplane
- B. Simon and Garfunkel
- C. The Beatles

**Question 2:**

Which team owns the largest comeback in an NCAA tournament game?

- A. BYU, down 25
- B. UCONN, down 33
- C. UCLA, down 19

**Question 3:** Which team has never won the NCAA men’s basketball championship?

- A. Notre Dame
- B. Ohio State
- C. Wyoming

### Answers for February

**Question 1:** The amount of money given in red envelopes during the Chinese New Year will never include what number?

**B. 4**

**Question 2:** What do you call people that are born on February 29th?

**A. Leaplings**

**Question 3:** What are your odds of being born on leap day?

**C. 1 in 1,461**





## SCAMS, SCAMS, SCAMS

### Social Security Issues Warning To Millions Of Americans To Beware

The Social Security Administration (SSA) has issued a warning for Americans regarding scams that are stealing benefits from thousands of recipients each year.

As part of its annual Slam the Scam Day, held on March 7, the SSA warned that criminals are using "sophisticated tactics" to get beneficiaries to disclose personal information that can put their government benefits at risk of being stolen.

According to the SSA's Office of the Inspector General, there was a 61.7% percent increase of reported scams between Q3 of the financial year in 2022 and the same period in 2023. In the former, just over 13,000 scams were reported, rising to 21,080 in the latter.

The SSA explained in a release made that scammers employ a variety of tactics known as the five Ps: "Pretend, Prize or Problem, Pressure, and Payment."

Common scams involve a fraudster claiming a person's Social Security number or benefits is suspended and they need your personal information to reactivate or reissue, being told they need to pay to access their benefits, or that a person owes money to the SSA and needs to pay immediately.

Other common tactics include citing 'badge numbers,' using fraudulent Social Security letterhead, and creating imposter social media pages to target individuals for payment or personal information.

The SSA also says it will never do any of the following:

- 1) tell you that your Social Security number is suspended
- 2) contact you to demand an immediate payment
- 3) threaten you with arrest
- 4) ask for your credit or debit card numbers over the phone
- 5) request gift cards or cash
- 6) promise a Social Security benefit approval or increase in exchange for information or money

**DON'T GET SCAMMED!**

"As public servants, we must use every tool at our disposal to raise awareness and protect the American people against Social Security imposter scams," said Martin O'Malley, commissioner of Social Security. "Scammers use fear and deception to scare people out of their critical benefits. We urge everyone to protect their personal information, remain vigilant, do not give money, and report any scam attempts to [oig.ssa.gov](http://oig.ssa.gov)."

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

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Allstate	\$121.16
Male	65	G	Allstate	\$136.86
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	New Era Life	\$44.41
Female	65	N	Cigna	\$92.17
Male	65	N	Cigna	\$103.23
Female	70	F	Allstate	\$155.48
Male	70	F	Allstate	\$175.62
Female	70	G	Allstate	\$122.43
Male	70	G	Allstate	\$149.02
Female	70	N	Medico	\$100.88
Male	70	N	Cigna	\$113.11

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 03/01/2024

## Interest Rates Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	America First	5.30%
2 year	TAB Bank	5.00%
3 year	1st Internet Bk	4.76%
4 year	BMO Alto Bk	4.60%
5 year	1st Internet Bk	4.61%

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 03/01/2024

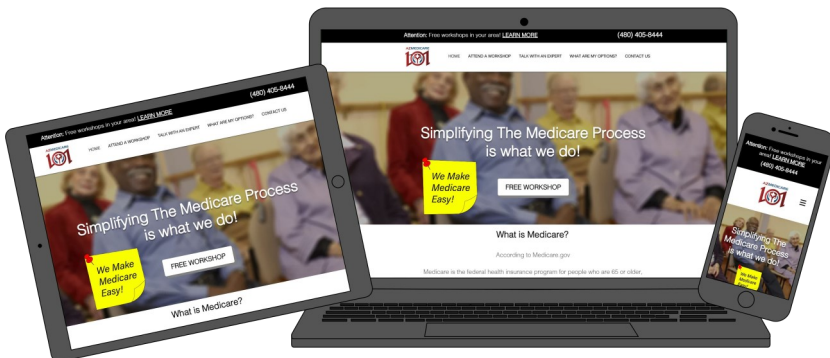
## Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	CL Life	6.00%
4 year	Upstream Life	5.70%
5 year	Wichita National	6.30%
7 year	Heartland National	5.80%
10 year	Heartland National	5.80%

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 03/01/2024

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**Online Workshop**  
Tuesday, March 26th  
05:30pm to 06:30pm

**Online Workshop**  
Wednesday, March 27th  
11:30am to 12:30pm

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