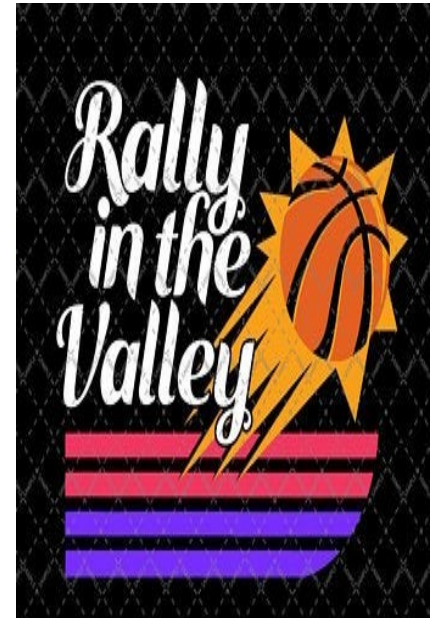


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## Why Today's Annuities Serve The Needs Of Tomorrow's Retirees

*By Thomas Shultz*

Things appear to be moving slowly back toward the "old normal." With all we've been through and have seen in the past year and a half, it is not too surprising consumer interest in fixed index annuities has grown tremendously.

Right now, the marketplace is paying close attention to two key retiree and pre-retiree concerns frequently mentioned by our clients and consumers.

- 1) **Do I have enough saved for a comfortable retirement?**
- 2) **Do I have enough money to continue to last my entire retirement time horizon?**

For our clients, the struggle of wondering whether they will outlive their assets is real, and it continues to be the top client concern around retiring. Fixed and fixed index annuities, with their guaranteed income benefit options, can put clients' minds at

ease because they provide an income stream that annuity owners cannot outlive. Plus, the value that they provide will continue to increase with the rising interest rate environment.

### Annuities And Inflation

Consumer prices are rising – we see it at the gas pump, in the grocery store, in the housing markets, and in other areas where people spend their money. My job as a fiduciary is to help clients understand how to preserve their retirement dollars' purchasing power.

One option is creating a rising income stream in retirement (ideally to match or outpace inflation) or constructing strategies that segment specific buckets of money and trigger income benefits at different time periods and different deferral

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# JULY

**RALLEY THE VALLEY**  
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periods to create a ladder of income streams.

Looking at inflation - the Federal Reserve's target inflation rate is 2%, and recent headlines show inflation is significantly higher than the Fed's target. This means that dollar for dollar over a 10-year period, clients will receive 20% less in goods or services for that same \$1 bill that's coming out of their retirement income. This shows it's important to build increasing income into retirement plans to maintain the same lifestyle clients are accustomed to over a 20-, 30- or 40-year retirement time horizon.



## Annuities Of Today

Annuity product designs are very different than they were 10 or 15 years ago. Based on older product features, people still worry that grandma or grandpa will put all their money in an annuity, and if they died tomorrow, they will lose all their money (and any potential inheritance!) and that is not correct or accurate.

That mindset comes from a word called annuitization. Annuitization is when you forego the cash value inside an annuity policy and it turns into a guaranteed income stream in retirement. However, even annuitized annuities today are different than they were 20 years ago, and there are significant advantages to annuitization, especially on after tax non-qualified assets. Today, there are cash refund, period certain and

installment refund options that provide a death benefit value in the event of an unexpected or premature death.

**Example:** You deposit \$1 million and take out \$500,000 in guaranteed income, then die.

With today's product designs and death benefit features, there would be a \$500,000 residual death benefit to the beneficiaries if a cash refund option is elected. Additionally, there are non-annuitized guaranteed income options on deferred annuities, such as index annuities with income riders. That is how the majority, if not all of the guaranteed income options on index annuities are now structured, as to not forego the underlying cash values.

You, the client can continue receiving guaranteed lifetime income off the annuity contract, while the remaining values are still invested in the index, still earning interest. That's an important point because index interest has the ability to preserve cash value while income is paid, which is the residual death benefit in an index annuity.

## Annuities For Everyone And A Long Overdue Change

Retirement planning is a key topic for all Americans and it's important to discuss the LGBTQ community as an underserved market in the world of retirement and financial planning.



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Think back 10 years ago. What options did you have for a same-sex couple who wanted guaranteed income in retirement for joint lives?

Simple answer – none!

However, the Supreme Court's ruling on Obergefell v. Hodges legalized same-sex marriage across the country. Insurance policies were updated to allow same-sex couples to have access to guaranteed lifetime income in retirement, which was long overdue and afforded LGBTQ couples the same solutions available to everyone else.

There are plenty of statistics available highlighting the difficulty LGBTQ individuals have in saving for retirement. A couple of key reasons: more often they are the caregivers for elderly parents, and they are less likely to have children of their own who could potentially support them in the advanced retirement ages.

These are just two contributing factors that hinder the amount of retirement savings that exist within the LGBTQ community. This is where financial professionals like myself can step in and provide the guidance and planning for the next stage in their retirement time horizon.

## The Bottom Line

With all the product changes made in recent years to the annuities offered today, with a little planning, tomorrow's retirees should find themselves in a comfortable position, knowing their assets are protected, they can't outlive their income streams and, if they die prematurely, there will still be something left for their heirs and the next generation.

I come across so many people daily that either purchased an annuity years ago and haven't looked at it in a decade or know nothing about how they actually work.

Time and time again, by updating the contract or adding riders to what is already in place, you can

significantly change your retirement future.

*If you have an old annuity that you know nothing about or want to see what options you have setting one up, NOW is the time. Give us a call to schedule a free consultation and let us help you get on the road to a successful and fun retirement!*

**JULY 2021**

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**Your referrals are gifts to whomever you refer. By making a referral, you are giving them a chance to make a difference in their financial future.**

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

## CORALYN'S CORNER

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



It's hard to believe that we are already halfway through 2021!

While this last six months for myself has definitely been challenging, the extra time I get to spend with my family everyday is worth all the pain and suffering.

Now that I feel settled, we recently brought on another administrator, Catarina, that we look forward to introducing you all to soon.

By adding Catarina, it takes some pressure and stress off of Rita and myself and allows us to hopefully (one day) take a couple days off!

Our family always does a trip every year around the 4th, and this year we made our way to New Orleans, Louisiana.

I had been there before but this was the first time for Thomas and Jackson. If you know anything about me, you know I love food, and what better place than New Orleans to pack on a few pounds.

If you've seen Thomas recently, the first thing most notice is he's not as skinny as he was before. He's been trying hard to pack on the muscle and this makes me really happy (not the muscle but because he eats now)!

We literally ate from dawn to dusk but the food there is so good its hard to pace yourself.



Most go to the city of Jazz to drink, but Thomas and I are lightweights when it comes to alcohol and we only had 2 hurricanes the whole time we were there.

Jackson did convince me to take an oyster shooter (which I must say was not very pleasant) and he videoed it. Kids and their technology skills are

amazing and he captured a photo of my yucky face when I tasted it that he made into a meme.

The highlight of the trip I must say was the fireworks show on the banks of the Mississippi river. Just 2 days before the 4th, New Orleans was set to cancel the event due to not having enough money for the city to pay for it. But Will Smith (yes, the Fresh Prince Of Bel Air himself), came to the rescue and gave the city the money it needed to proceed with the show.



Fifteen full minutes of fireworks while eating beignets was like heaven itself, and I cherish the times we get to spend together as a family.

*Coralyn Shultz*

## RITA'S REVIEWS

*Every month, my husband and I enjoy trying out places to eat. This month we enjoyed a new location in Mesa, "Henhouse Cafe" in the Riverview Shopping Center.*



We ventured down to the Riverview Shopping Center in Mesa for breakfast over the July 4<sup>th</sup> weekend. A client of ours had recommended the Henhouse Café and we decided to try it out.

This a family- owned business opened in 2010 by Brett and Maureen Grebe. What started in their family kitchen has now evolved into three locations in the East valley. A fourth location was planned but then the pandemic happened and I believe that has been put on hold for a bit.

The breakfast menu consists of the traditional 2-3 egg plates, several options of chicken fried plates, omelets, egg benedicts, skillet, on the border chick plates and griddle delights. They are famous for their large or maybe I should huge (18 inches in diameter) light and fluffy Mom's pancakes with in house made syrup. Also, their potatoes are boiled with the skin on and then sliced very thin and cooked on a griddle with a bit of bacon grease and salt. They were yummy and reminded me of my mother's Southern fried potatoes.



My husband ordered the Kitchen Sink omelet and it lived up to its name. He also had



his usual side of French toast made from Hawaiian bread soaked in custard.

I had the Santa Fe omelet and my mom had the biscuit and gravy plate. I loved the potatoes and Mom thought the gravy was the best she has had anywhere in Arizona. The food was large in portion and very good.

We were seated quickly but it took at least an hour if not longer to get our food. Not only were they busy but they were also short staffed. They were very apologetic and gave us a



complimentary cinnamon roll that was large enough to be shareable. I will definitely give them another try but not on a holiday weekend.

*Rita Henderson*

## Medicare Hack #24

### 3 MEDICARE SURPRISES THAT CAN COST YOU THOUSANDS MORE EACH YEAR



For some Medicare beneficiaries, health-care coverage ends up costing more than it does for most of their peers — and it's not by choice.

While there are costs that individuals often are aware of — i.e., they purchase a supplement policy or choose a more expensive plan — some premium-related expenses sneak up on enrollees. Depending on the person, they could add up to thousands of dollars extra a year.

**Roughly 62.6 million people — 95% of whom are age 65 or older — are enrolled in Medicare.**

Most pay no premium for Part A ([hospital coverage](#)) because they have at least a 10-year work history of paying into the system through payroll taxes.

When it comes to Part B ([outpatient care](#)) and Part D ([prescription drug coverage](#)), however, you may encounter some surprise premium costs. And that can happen whether you stick with original Medicare (Parts A and B) or choose to get your benefits through a Medicare Advantage Plan (Part C).

**Here's what you need to know....**

#### 1) Higher Premiums For Higher Income

About 7% (4.3 million) of Medicare enrollees pay more than the standard premiums for Parts B and D due to so-called income-related monthly adjustment amounts, or IRMAA, according to the Centers for Medicare and Medicaid Services.

Those amounts kick in at modified adjusted gross income of more than \$88,000 and increase at

higher income thresholds. For instance, a single taxpayer with income between \$88,000 and \$111,000 would pay an extra \$59.40 per month for Part B on top of the standard premium of \$148.50, or \$207.90 total.

And the IRMAA surcharges don't gently phase in within each income bracket: Earn a dollar above the income thresholds, and the surcharge applies in full force.

Many beneficiaries don't even know that Medicare costs anything at all. So it adds insult to injury when they find out that not only do they have to pay for Medicare Parts B and D but also that they have to pay more than other people.

Generally speaking, the extra amounts are determined by your tax return from two years earlier.

You can ask the Social Security Administration to reconsider the surcharges if your income has dropped since you filed that tax return.

You have to file an appeal and provide supporting documents. While it depends on your situation, suitable proof may include a more recent tax return, a letter from your former employer stating that you retired, more recent pay stubs or something similar showing that your income has dropped.

The required form includes a list of "life-changing" events that qualify as reasons for reducing or eliminating the IRMAAs, including marriage, death of a spouse, divorce, loss of pension or the fact that you stopped working or

**Cont. next page**

reduced your hours.

Many of our clients have been able to get their IRMAA lowered due to a change in income because they retired and are no longer getting a paycheck.

If your request doesn't work, you can appeal the decision to an administrative law judge, although the process could take time and you'd continue paying those surcharges in the meantime.

## 2) Spousal Income Counts Against You

Those IRMAA surcharges also aren't just based on your own income. For example, if you have retired but your spouse is still working and your joint tax return shows modified adjusted gross income of \$176,000 or higher, you would be subject to IRMAA.

This is why it's so important for people to begin educating themselves about Medicare a few years before they become eligible for it at age 65. Think about it – if you knew this at age 60, you might be able to consult with your financial advisor and do some planning to try to keep your modified adjusted gross household income below those thresholds.

## 3) Sign Up Late, Pay A Penalty

Generally speaking, you're supposed to sign up for Medicare during a seven-month window that starts three months before your 65th birthday month and ends three months after it.

However, if you meet an exception — i.e., you or your spouse have qualifying group insurance at a company with 20 or more employees — you can put off enrolling. Workers at those larger employers often sign up for Part A and delay Part B until they lose their other coverage. Then, they generally get 63 days to enroll.

The rules are different, though, for companies with fewer than 20 employees: Those workers are supposed to sign up when first eligible.

For each full year that you should have been enrolled in Part B but were not, you could face paying 10% of the monthly Part B standard premium (\$148.50 for 2021). The amount is tacked on to your monthly premium, for as long as you are enrolled in Medicare.

For Part D prescription drug coverage, the late-enrollment penalty is 1% of the monthly national base premium (\$33.06 in 2021) for each full month that you should have had coverage but didn't. This amount also lasts as long as you have drug coverage.

## Map to our NEW Scottsdale Office



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



## Sudoku

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

## July Quiz

### Question 1:

Who has the largest US city fireworks show for the 4th?

- A. New Orleans
- B. Houston
- C. New York

### Question 2:

Who is the Hot Dog Eating Champion of the World?

- A. Badlands Booker
- B. Eater X
- C. Joey Chestnut

Question 3: What is #1 Beer In the US?

- A. Budweiser
- B. Corona
- C. Guinness

## Answers for June

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

- B. Grand Canyon**

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

- A. Boston**

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

- C. In-N-Out**

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

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

Rates are accurate at the time of production. Included in the list are fraternal organizations, service organizations, and carriers with ratings above B+.  
\*Source: CSG Actuarial effective dates 07/01/2021

## Interest Rates

### Highest CDs and Share Rates Highest National Rates

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

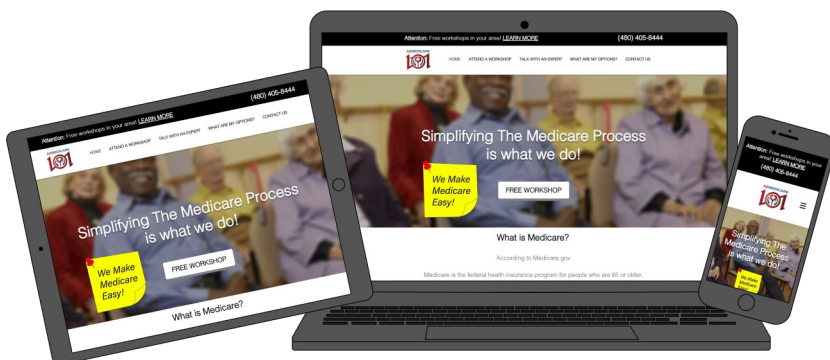
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. \*Source: BankRate.com 07/01/2021

### Highest Fixed Annuity Rates Highest Arizona Rates

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

Rates are accurate at the time of production. Excluded from the list are fraternal organizations, service organizations, and carriers with ratings below B \*Source: AnnuityRateWatch 07/01/2021

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## Social Security Benefits Set To Increase Likely Highest Annual Increase Since 2009

Before taking office, President Joe Biden outlined several changes he wanted to make to Social Security -- many of which would increase retirement benefits. These changes included a higher minimum benefit, boosted survivor benefits, and a raise for some of America's oldest retirees.

Since Biden took office, though, modifications to the retirement benefits program haven't been a priority, as the Administration has focused on coronavirus relief, infrastructure, and shoring up voting rights. As a result, there's currently no pending legislation that would result in higher benefits for seniors. The good news is, retirees don't need Biden to act to get more benefits in 2022. In fact, seniors will almost definitely be getting more money -- and the benefit increase they see could be the biggest one in more than a decade. Here's why.

### Bigger Social Security Checks Are Coming Next Year For This Simple Reason

Retirees will likely see higher checks in 2022, even if no new laws pass addressing their benefits, because the Social Security program is designed to provide periodic cost of living adjustments (COLAs). These COLAs are built into the program in order for benefits to keep pace with rising inflation.

COLAs don't happen every year, though. And in some years, the raise that they provide is very small. In 2021, for example, seniors received just a 1.3% raise, which amounted to less than \$20 extra per month for most retirees.

But things are looking quite different for 2022. COLAs are determined based on year-over-year price changes in the Consumer Price Index for Urban Wage Earners and clerical workers (CPI-W). The CPI-W results for the third quarter of each year are compared to the results from the year prior to estimate how much prices have increased.

So far this year, CPI-W data shows that prices have increased substantially compared with costs in 2020. This is unsurprising, since the U.S. has been experiencing a period of heightened inflation as the pandemic comes to an end and demand for goods and services rises quickly, helped along by stimulus checks.

In fact, early evidence for the year suggests seniors could be on track for more than a 4% COLA in 2022 -- which would be the largest increase since January 2009, when seniors got a 5.8% raise.

Of course, this isn't all good news, since retirees will see their living expenses rise due to the effects of the very inflation that resulted in the higher COLA. And, in fact, there's some evidence to suggest that retirees actually lose buying power over time -- even when they receive COLAs. That's because CPI-W isn't a very accurate measurement of rising prices for their particular demographic group.

Still, the fact is that seniors are on track to get more money in each Social Security check next year and retirees will see these larger checks even if Washington remains gridlocked when it comes to making changes to Social Security benefits.

## 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!

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**Online Workshop**  
Thursday, August 13th  
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**Online Workshop**  
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## ALL ARIZONA COUNTIES

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*“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*

