Volume 8, Issue 5-6

THE LYFE ADVISOR

May / June 2025

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Why Now Might Be The Time To Replace Your Traditional Bonds With Fixed Indexed Annuities

By Thomas Shultz

In the current volatile economic landscape, many individuals find themselves grappling with a sense of uncertainty. According to a recent Harris Poll, over 50% of Americans express concerns over the recent proposed tariffs, the U.S. economy, inflation and the looming threat of a recession.

This has caused a lot of questions relating to what the interest rates and bond rates will be like in the future. In light of the recent volatility of bonds, one of the most widely discussed strategies involves substituting them with resilient and reliable fixed-indexed annuities. But before we dive into FIAs, it's important to examine why a once-trusted investment vehicle has people scrambling to move their money.

Fear Of The Failing Bond

During turbulent economic times, bonds are often seen as a haven. However, bonds can be quite risky in periods of market volatility. This is because interest rates can become uncompetitive compared to other forms of investments. Inflation can outpace the yields offered by bonds, and deflation may lead to decreased principal values.

These factors demonstrate that while bonds usually offer security and stability when markets are stable, they cannot guarantee this same level of protection when conditions become more uncertain. Investors may want to investigate alternative options, which do not depend on the stock market while still generating returns.

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MAY/JUNE

Almost Halfway Thru 2025!

Inside This Issue

The Advantages Of Fixed Indexed Annuities

FIAs pique interest due to their feature of earning interest rates tied to the performance of market indices such as the S&P 500 or NASDAQ, while avoiding direct investment or market exposure. By combining elements from various annuity types, FIAs offer the advantages of fixed annuities—providing protection, and indexed annuities—offering growth potential.

During the global financial crisis of 2008, FIAs emerged as a safe haven for investors. As stock markets plummeted and traditional investment vehicles faltered, individuals who had allocated a portion of their portfolio to FIAs found themselves in a more secure position.

For investors who owned annuities prior to the 2008-09 downturn, their annuity contracts protected the principal invested in their annuity. Meanwhile, the S&P 500 lost 46% of its value from October 2007 through March 2009. Some fear we could be in store for a similar situation depending on how the current trade war pans out.

FIAs often deliver 100% principal protection based on the contract between the annuity owner and the issuer. There is a 100% financial reserve requirement of FIAs by insurance commissioners nationwide. Conversely, the FDIC financial reserve requirement of U.S. banks for bank certificate of deposit investments is between 3% and 10%. In my experience, I have found that many investors are more comfortable with a 100% financial reserve requirement product.

FIAs have a hybrid investment structure where the principal is invested into 10-year U.S. Treasury bonds that have been widely considered a safe investment compared to higher-paying U.S. corporate bonds, which have default risk. Treasury bonds are also not exposed to financial market risk. The interest generated from the investment in the 10-year Treasury bond with each FIA is invested into options of the market-linked index associated with the individual annuity.

Pre-retirees and retirees eventually enter into a deaccumulation phase to generate income during their retirement years. FIAs and annuities in general are insurance against outliving their money and becoming dependent on their children. They also include provisions to deliver income for the annuity owner's life and, in many cases, their spouse's. This can be an attractive feature that will give annuity owners important income to satisfy a portion of their living expense needs.

Income generated from an FIA can also eliminate the need to withdraw funds from more traditional retirement and other investment accounts.

Additionally, in strained economic climates, diversification can be helpful. By diversifying across different asset classes such as fixed-income instruments and alternative investments such as private equity funds, investors can mitigate their exposure to market risk while still achieving returns.

What Is The Downside To Fixed Indexed Annuities

With all the potential positives of an FIA investment, it is wise to also consider the possible downsides including:

• Liquidity. Most fixed indexed annuities have surrender charges that decrease over time. Most annuities allow up to a 10% penalty-free withdrawal of the principal or premium invested. Because you likely would only have access to 10% of the money you invested into a fixed indexed annuity, you would want to make sure you wouldn't need more than

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that before you invest into an annuity.

• Caps. An annuity company may give you a large portion of the gains generated by the underlying index, but it may also limit the total upside of the growth generated from the index with a cap.

Additionally, because of its long-term investment benefit structure, an FIA may not be a good fit for your situation if you need immediate access to a significant portion of your principal investment.

Market Volatility Doesn't Have To Mean Financial Loss

Taking time to understand the risks associated with the stock market and diversifying investments across different asset classes to protect money and get returns without taking on too much market risk is critical in today's economic landscape. Though many people feel the worst is still yet to come, investors feel secure knowing they have options to protect their money despite current market conditions.

With our current market likely heading toward even more economic turmoil, it's more important now than ever to rethink how you are protecting your money.

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

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CORALYN'S CORNER

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

We are FINALLY past tax season, and I sure am happy. Most of our investment companies are pretty good about getting tax documents out which we are appreciative of. However, there are a couple that come across delays in their reporting. Most of our clients are retired and want to file their taxes as early as possible, which is difficult for us when we have no control over the investment companies issuing 1099s. This creates a heavier workload during tax season from February through mid April. The good news is we have some very kind clients, and most are understanding of the situation.

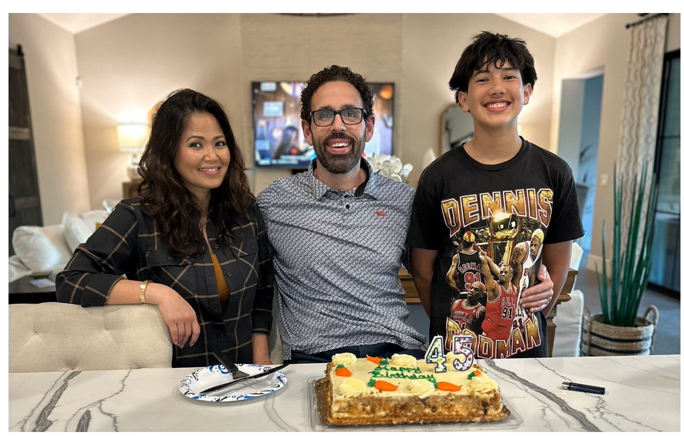
Recently we have been fielding numerous calls from Medicare clients about the larger than expected rate increases they are getting on their Medicare supplement plans. It seems no matter where you look, prices are still rising, and health insurance is no exception. I know Thomas be will addressing the issue in this newsletter but just know we feel your pain. We all see costs continue to rise but unfortunately wages don't match that :(

Thomas has been very busy lately with all the uncertainty in the market and over President Trump's first 100 days. The tariffs have created a lot of nervous clients, and many have been moving more of their assets over to annuities to escape the worry of watching the market.

The good news is the market has recovered a little from the lows early this year and we have been able to finally move some assets over that had been on hold for awhile. Thomas tries his best to time the market when transferring in new assets, which usually is a few days, but this time it has lasted a few weeks, which is different for us.

On a personal note, not too much to speak of. Just working, being a mom and trying to lose some weight. I feel like the older I get, no matter how much I watch my diet I just seem to keep gaining weight. People that know me would tell me to mix in some exercise, but honestly, I find that I'm not as motivated as I should be in that regard. Since Thomas stopped being able to go to the gym to work out, he has lost a significant amount of weight, which makes me envious. I don't know why some people can lose weight so fast while others struggle so much (that being me).

Jackson recently cut his hair. Thomas was disappointed as he was extremely jealous of Jackson's beautiful locks, but it's a nice change.



Coralyn Shultz

RITA'S REVIEWS

Every month, my family and I enjoy trying out places to eat. This month we decided to try a place called "Foley Ranch Boots & BBQ" in Desert Ridge in North Phoenix...

We decided to spend Easter Sunday having some barbeque with the family and a little country music on the side. A new restaurant popped up in the Desert Ridge area of northern Phoenix that I had been wanting to try out for some time. Foley Ranch opened on January 26th of this year by Don Talbot and Clay Moizo. They are the owners of the Icon Hospitality Group which also owns Scramble breakfast spots as well as the Half Moon Sports Bars. As a young man, Don had worked the summers in Montana at the Foley Ranch in Corvallis, Montana. Finally, after 13 years, the concept of where the wild west meets Montana hospitality with mouthwatering barbeque finally came to fruition for Don. This location was the Sweet Tomatoes and has been transformed into an authentic western experience with a large dance floor and a unique bar top covered by 8,000 bottle caps. Not only do they have good food, but they also serve up a large dose of fun with live country music, free line dance lessons, and lots of other events throughout the year.

There is truly something for everyone. This is the only location currently in the Phoenix area. They are closed on Mondays. At 10 pm every night, it is a 21+ only country bar.

We started off with their signature cornbread hushpuppies and an Easter Sunday special,

deviled eggs. My husband and I had the two-meat plate with pulled pork and ribs. My mom, of course, had the chicken tenders plate with green beans and cole slaw. My son had the loaded potato with pulled pork and my daughter-in-law had the buffalo chicken macaroni and cheese. My grandson had the brisket sandwich with fries and he loved it.

Our server was great, and she was very attentive to us as we had never been there. The food was good but as a Southern girl, I know barbeque. Nothing beats good Southern barbeque from Nashville, Memphis, or Tuscaloosa, Alabama. When they say the meat falls off the bone ribs, it truly does. I will go back as I enjoy country music and the gentleman that was performing was very good. I would love to learn to line dance as well and they offer free classes on Tuesday through Thursday evening.

Rita Henderson

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Medicare Hack #65

WHY HAVE MEDICARE SUPPLEMENT PREMIUMS RISEN SO DRAMATICALLY OVER THE PAST TWO YEARS

Lots of you probably recently got your rate increase notices, with the 2 largest companies, AARP United HealthCare and Blue Cross Blue Shield leading the way. Why is this happening? What justifies such a substantial increase in such a short period of time? And, perhaps most importantly, is AARP (pertaining to United Health Care) doing enough to protect its members from these types of financial shocks?

Let's break down the factors behind these steep premium increases and explore why this is occurring now. Additionally, we'll consider whether AARP, UHC and Blue Cross Blue Shield are working effectively to contain costs and how this affects the broader Medigap landscape.

What's Causing the Increase in Medigap Plan G Premiums?

Rising Healthcare Costs and Regulatory Changes

One of the most significant drivers of premium increases across the board for Medigap plans is the rising cost of healthcare services. As hospitals, doctors, and other medical providers raise their prices due to inflation, staffing shortages, and increasing costs for supplies and equipment, insurance companies like UHC and BCBS are forced to adjust their premiums to account for these higher costs. This was recently addressed by United HealthCare in their most recent earnings report.

Most premium adjustments happen annually. The timing may indicate that UHC and BCBS are responding to unexpected financial pressures or forecasting the future of the Medigap market. It could be that UHC and BCBS's previous estimates for premium costs in 2024 fell short of covering the actual healthcare costs of their insured population. Essentially, UHC and BCBS may have underestimated their financial risk, leading to this correction to offset the gap in expected vs. actual costs.

Regulatory changes or shifts in Medicare reimbursement rates have impacted Medigap insurers, forcing them to make adjustments more rapidly than usual. Unfortunately, when insurers face unanticipated shortfalls, the burden of these corrections often falls on policyholders through higher premiums.

Impact of Community Pricing

UHC and BCBS's Medigap Plan G are community rated, which means that premiums are not based on the individual's age but on the overall cost of insuring the community of people enrolled in the plan. This type of pricing can result in higher premiums when the healthcare needs of the enrolled population increase significantly, which has happened recently due to inflation.

While community pricing protects individuals from dramatic increases based on age, it also means that your premiums are subject to larger, less predictable adjustments based on the overall healthcare costs of the insured group.

Profit Margins and Shareholders' Expectations

While rising healthcare costs are a major factor, we also have to consider UHC and BCBS's obligations to its shareholders and private owners. Like any

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large corporation, UHC and BCBS must balance providing services with maintaining profitability. If profit targets aren't met—whether due to rising claims costs or other financial pressures—premium increases may be used to close the gap.

Minimal Notice and Limited Opportunity to Object

One of the most frustrating aspects of this price hike is the short notice given to policyholders. The 2025 increase provides little time for individuals to plan their budgets or explore alternative coverage options. Additionally, there's a feeling of helplessness, as beneficiaries are left with no real ability to say "no" to the increase. Unlike employer-sponsored insurance or some private plans, Medigap policies often leave very little room for negotiation or customization. You're either in or out, and if you opt out, you may face penalties or reduced coverage options in the future.

What Can You Do as a Policyholder?

Unfortunately, as a policyholder, your options for avoiding these price increases are limited. However, you can consider reevaluating your plan. If you're concerned about rising premiums, it might be time to explore other Medigap plans or even Medicare Advantage plans. Switching plans can be complicated, especially if you have preexisting conditions, but it's worth reviewing all your options to ensure you're getting the best coverage for your budget.

Our Opinion

While I know it stinks that these rate increases for both companies are larger than expected or anticipated, I can tell you with 100% certainty that every other company will follow suit within the next 3-6 months. UHC is the leading indicator for the direction of costs for Medigap plans throughout the US, as they control over 26% of the entire market.

Both UHC and BCBS are considered the best when it comes to claims, customer service, and a "hands off" consumer experience.
We recommend waiting until mid-2026 before we look at possibly changing anyone to give the rest of the marketplace the time to make their rate adjustments.

Remember, in the state of Arizona, you can't just switch to a different Medicare Supplement company whenever you want, and if you switched now and the new company increased their rates in line with both UHC and BCBS, there is no guarantee you could go back.

Map to our NEW Scottsdale Office

7300 N Via Paseo Del Sur,
Suite 204
Scottsdale, AZ 85258

(480) 626-0296

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

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Cinco De Mayo Word Search

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Q P W T E G S C H U R R O S J F P O Y Q
Z P I N A T A V Y T G U A C A M O L E A
X X X Q W B W F S Y F I E S T A W E T U
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Mexico	Flag	Churros	Blanket
Fiesta	Parade	Pinata	Ole
Sombrero	Music	Maracas	Victory
Guacamole	Dance	Tortilla	
Salsa	Food	Cactus	
Tradition	Tacos	Dress	

May/June Quiz

Question 1: What country hosted the first Summer Olympics?

A. Uruguay
B. United States
C. Greece

Question 2: What iconic franchise celebrates "National Pizza Party Day" in May?

A. The Three Stooges
B. Teenage Mutant Ninja Turtles
C. Barbie

Question 3: Which US State has the hottest average annual temperature?

A. Arizona
B. Arkansas
C. Florida

Answers for Mar/Apr

Question 1: Which country did the Easter Bunny tradition originate from?

B. Germany

Question 2: What is the best selling Easter candy?

B. Reese's Peanut Butter Egg

Question 3: How many people in the United States claim full or partial Irish heritage?

C. 9 Percent

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SOCIAL SECURITY HEADLINES DRIVING PEOPLE TO START BENEFITS EARLIER THAN MAYBE THEY SHOULD….

There's been a striking rise in the number of Americans applying for initial Social Security benefits this year, many earlier than planned. Job losses, rising costs, and even staffing cuts at the Social Security Administration seem to be the triggers prompting more people to jump the gun and claim their benefits.

In my planning with clients, I try to keep emotion, political posturing, and media hype out of the conversation and utilize software and resources to educate our folks as to how Social Security actually works.

To recap: You can start receiving your Social Security retirement benefits at age 62. However, you're entitled to full benefits only when you reach your full retirement age, or FRA. For example, if you turn 62 in 2025, your benefit would be roughly 30% lower than it would be at your full retirement age of 67. If you delay benefits from your FRA until age 70, you earn delayed retirement credits. Those come to roughly an 8% increase for each year until you hit 70, when the credits stop accruing.

Most people, however, claim earlier, according to the SSA data. Nearly 30% of new Social Security beneficiaries claim benefits at age 62. Around 32% claim benefits after age 62 but before their FRA.

There is no escaping the fear — real or not — people have of potentially losing their benefits. We are seeing that more people are claiming Social Security benefits earlier than they had planned because they are concerned Donald Trump and Elon Musk are taking that away. This is very unfortunate because it is best to delay claiming as long as possible if you can, so that you get larger monthly checks for the rest of your life.

It's a decision most folks sweat over. Social Security being reduced or ceasing to exist in the future tops the list of retirees' greatest retirement fears, according to a recent Transamerica Center for Retirement Studies report. They aren't wrong to worry, even without the DOGE cuts.

The 2024 Social Security and Medicare Trustees Report predicts that the combined retirement and disability trust fund reserves will go broke in 2035. There will still be money to pay benefits at that stage, but without a fix, beneficiaries could see a 17% cut in benefits. That will sting. Most retirees rely on Social Security as their primary source of income.

For many retirees or near retirees whom I've talked to this year, worries about Social Security's projected funding shortfalls and the program's ability to pay future benefits are top of mind.

Fears of inflation and shaky stock markets also have Americans in their 60s feeling vulnerable. Many people I spoke to, struggling with the decision to apply for benefits, said they're leaning toward doing so earlier because they want a steady source of income that adjusts each year to keep pace with inflation.

It is different for each person based on their circumstances, but the majority of our planning clients have several buckets of financial assets, and we push Social Security off until at least FRA. For those who can afford to wait, I still think delaying is often the better choice, but I understand the anxiety, especially with all the headlines.

How long we're going to live is the great unknown, of course. In case you're wondering, a 65-year-old man is expected to live about 19 more years, and a 65-year -old woman is expected to live about 22 more years.

Understanding average life expectancy can help run the numbers to determine whether you really need to turn on Social Security benefits as soon as you can or whether waiting for a bigger check is worth it.

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Medicare Supplement Rates

Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Cigna	$132.60
Male	65	G	CIGNA	$148.51
Female	65	GHD	New Era Life	$40.37
Male	65	GHD	New Era Life	$44.41
Female	65	N	Cigna	$94.93
Male	65	N	Cigna	$106.93
Female	70	F	American Home Life	$173.20
Male	70	F	Cigna	$191.33
Female	70	G	Lifeshield National	$142.40
Male	70	G	Allstate	$157.51
Female	70	N	Allstate	$102.66
Male	70	N	Cigna	$116.50

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 05/04/2025*

Interest Rates

Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
6 month	Communitywide	4.50%
1 year	Marcus Bank	4.40%
18 month	XCEL FCU	4.50%
2 year	PenAir CU	4.40%
5 year	LaFayette FCU	4.28%

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: nerdwallet.com 05/04/2025*

Highest Fixed Annuity Rates

Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Upstream Life	6.00%
4 year	Upstream Life	5.70%
5 year	Wichita National Life	6.15%
7 year	Revol One Financial	6.00%
10 year	Revol One Financial	5.90%

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 05/04/2025*

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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, May 12th
01:30pm to 02:30pm cst

Online Workshop
Wednesday, May 14th
11:30am to 12:30pm cst

Online Workshop
Thursday, May 15th
05:30pm to 06:30pm cst

Arizona in Blue
Tennessee in Red

Online Workshop
Monday, June 2nd
01:30pm to 02:30pm pst

Online Workshop
Thursday, May 29th
05:30pm to 06:30pm pst

Online Workshop
Wednesday, June 4th
11:30am to 12:30pm pst

"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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IF YOU KNOW SOMEONE THAT COULD USE OUR HELP GETTING READY FOR MEDICARE, WE WOULD GREATLY APPRECIATE THE BUSINESS!

We appreciate your referrals!

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