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## SMART INCOME IN RETIREMENT How Annuity Income Riders Actually Work

*By Thomas Shultz*

At least once a week, someone walks into my office and the first question they ask me is to explain how these “**annuity things**” work. They saw an ad or talked to someone and were told that they were receiving income off an annuity they just purchased and are questioning whether or not they should do the same thing. So, I decided to explain the basic mechanics of how annuity income riders work so you can be more informed the next time you’re in one of those conversations.

An annuity income rider is an optional feature of many annuities that retirees can use to provide themselves with a guaranteed minimum income for as long as they live. Income riders add cost and complexity to annuities but give retirees a complete and reliable source of income insulated from market fluctuations.

### Annuity Income Rider Basics

An annuity is a contract you can purchase from an insurance company. In exchange for the premium you pay to buy the annuity, the annuity issuer is obligated to pay you back either a single lump sum or in monthly or annual installments. There are many kinds of annuities and ways to customize basic annuities.

The first major categories refer to when payments start. Immediate annuities begin making payments to you as soon as you buy the contract. Deferred annuities start making payments at a later date.

Another variation is based on how much money you'll make. Fixed annuities earn a preset interest rate on the funds in the annuity. Indexed and variable annuities may have changing growth rates

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Happy Birthday America....  
**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



depending on the performance of the market and individual investments.

Most annuities can be purchased with riders that add special features to the basic annuity. Riders can provide a variety of benefits and protections. Living benefit riders, for instance, pay out to you during your lifetime while death benefit riders pay a spouse or other beneficiary after your death.

Income riders, also known as guaranteed minimum benefit riders, provide for you to receive at least a certain level of payouts as long as you live. This minimum amount is guaranteed to be maintained by the issuer no matter what happens to the economy, interest rates or the stock market. Most income riders these days also include some type of long-term care component in case you were to need those types of services at a later date.

Like other riders, you'll pay more for an income rider in exchange for the peace of mind that you won't have to get by with less money. Income riders are normally only available with deferred annuities.

## What to Consider When Choosing a Fixed Index Annuity



## How Annuity Income Riders Work

Income riders pay a benefit, either annually or monthly, that is determined by multiplying the annuity's benefit base by the payout factor. The benefit base can change. It begins as the amount the purchaser originally paid for the annuity. Then, each year the benefit base will increase by a percentage called the growth rate that is specified in the annuity contract.

For instance, if you purchase a \$100,000 annuity with a growth rate of 7%, after the first year the benefit base will have increased to \$107,000. The following year it will increase by another 7% to \$114,490 and so on.

The amount of the monthly or annual payment to the annuity holder is determined by applying the payout factor to the benefit base. So, if the payout rate is 6% and the benefit base is \$114,490, the payout will total \$6,869.40 annually, or \$572 a month. Once the annuity holder starts receiving payments based on the payout rate, the growth rate is no longer applied.

## Annuity Income Rider Pros

Annuity income riders are popular with people who don't have multiple sources of income to fund retirement. Advantages include:

- **Guaranteed minimum income for life**
- **Protection against market downturns**
- **Ability to take a lump sum distribution if needed**

## Annuity Income Rider Cons

Annuity income riders also have some limitations, however. Downsides include:

- An annuity income rider adds a fee, typically about 1%, internally inside an annuity contract. It is not a fee you pay direct to the insurance company, rather a fee deducted from the growth of your product.
- Better for steady stream. If you anticipate needing to take all the money out at some point, another choice might be better.

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### Bottom Line

Annuity income riders can provide retirees with guaranteed minimum income for life insulated from market fluctuations. Getting an annuity income rider requires paying a rider fee to the insurance company. Before purchasing an income rider, it's important to know the growth rate percentage and the payout factor.

Whatever your retirement planning questions may be, a financial advisor can help you answer them. Finding a financial advisor doesn't have to be hard, but make sure that they understand what your real goals, needs, and objectives are, not only for today, but more importantly for the years ahead.

**One of the most common concerns about retirement is whether you are saving enough to provide you with the lifestyle you have in mind. Annuities can be a great answer to help supplement your income in retirement and allow the remaining part of your portfolio to grow.**

**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

**July 2023**

**4.25%**

**1 Year Fixed Annuity**

**4.70%**

**2 Year Fixed Annuity**

**5.65%**

**3 Year Fixed Annuity**

**5.65%**

**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.



We are officially half way through 2023 and now that July has finally arrived, my real work begins. Hopefully by now, all our securities clients have had a chance to watch the video that Thomas sent out. Our broker dealer, Titan Securities, was officially acquired on June 30th by Coastal Equities, our previous broker dealer. This was something we knew was coming at some point and is something that we wouldn't choose to do midway through the year. When the company you work with gets purchased, you've got to roll with the punches.

The good news is this change will be pretty easy for all of you. Because we are keeping the same clearing firm, Axos Clearing, all your account numbers, online logins, distributions, etc., stay the same. The first step in this process is a one page DocuSign for each account you have with our firm. So, for example, if you have an IRA and a Roth IRA, that would be 2 separate DocuSigns.

Once those are complete, that will give Coastal access to the accounts and then over the next couple of weeks we will be preparing another DocuSign with all the Coastal account paperwork *(same thing you have already signed, just with Coastal on it instead of Titan)*. Once those are ready, we will send them over as well and then the process will be complete.

So, all in all, not extremely complicated, but it is a lot of paperwork on our side that we wished we didn't have to complete. We have quite a few securities clients, so I expect my whole month of

July will be spent on this.

Thomas and I really enjoyed working with Titan and all the staff at their home office in Dallas, just good salt of the earth people that were easy to get along with and wanted to help you be successful. Coastal has also amassed a pretty impressive team with all new leadership that Thomas says is some of the best in the industry. So, hopefully everything will remain as close to the same as possible.

New processes, new systems, new learning...

Gotta embrace the change though and as Thomas always tells me, everything happens for a reason.

On a non-business note, Jackson, Thomas and I did do something that we had never done before in our 13 years of living in Arizona. We rented a pontoon boat on Lake Pleasant. Thomas was careless and tried to kill me tubing *(joking)* but Jackson really enjoyed it and it is something we definitely want to do again. *(Just no tubing for me next time)*



*Coralyn Shultz*

## RITA'S REVIEWS

*Every month, my husband and I enjoy trying out places to eat. This month we decided to try another breakfast spot here in Scottsdale called "Eggstasy" ....*



Over the years, we have passed by this restaurant many times but for some reason never stopped in. That was definitely a mistake for not eating here sooner. This great spot was started in the spring of 2014 by Peter Verros, a Chicago native. He had started his first breakfast spot as a teenager in Chicago and continued in the restaurant business opening a brunch spot very similar to the Eggstasy. He had come to Arizona for a vacation a few years prior to 2014 and fell in love with the climate. He decided to make Scottsdale his home and began the Eggstasy brand here. The first location was in Scottsdale on Shea Blvd and that was where I visited. There are five other locations in the valley although none on the West side, as of yet. They are open from 7:00 am to 2:30 pm Monday through Friday and 7:00 am to 3:00 pm on Saturday and Sunday.



The Shea location had a great outdoor patio and the day we were there, they also had live music. The menu is quite extensive with appetizers, egg dishes, many selections of egg benedicts, omelets, skillet, pancakes, waffles, French toast, crepes, a section called Wake Ups, Healthy Habits, and fruits/oats/yogurt just for breakfast. There is also a large variety of lunch selections of burgers, sandwiches, paninis, wraps, soups and salads. There are also some



fun beverages for the adults along with the regular offerings.



I saw the picture of the breakfast quesadilla and had to have it. This is unusual for me as I typically get the usual scrambled eggs, bacon, etc. I wasn't disappointed. It was great and I had enough left over

for breakfast the next morning. Mom stayed with the usual scrambled eggs, hash browns, sausage patties and toast. My husband did not order French toast which surprised me because they had so many choices. The



Dutch apple looked phenomenal, but he stayed with what came with his Denver omelet which was pancakes.



The restaurant was beautiful inside, and the service was fantastic. The food was wonderful, and I am going back to enjoy it again. But, next time I want to go at lunchtime. There is a salad that is calling my name that I want to try out.

*Rita Henderson*

## Medicare Hack #46

### Medicare Will Cover Leqembi, The New Breakthrough Drug To Help Delay The Onset Of Alzheimer's



Medicare has agreed to pay for the Alzheimer's treatment Leqembi, a major turning point for patients who are diagnosed with the early stages of the disease.

Leqembi is the only drug on the market right now that has demonstrated the ability to slow the progression of early stages of Alzheimer's disease in a clinical trial. The monoclonal antibody, administered twice monthly through intravenous means, slowed cognitive decline by 27% over 18 months in the trial.

Leqembi is made by Japanese drugmaker Eisai and its partner Biogen, which is based in Cambridge, Massachusetts.

Medicare's decision to cover Leqembi, which came moments after the Food and Drug Administration fully approved the drug, promises to make the treatment more accessible to patients.

Medicare coverage is crucial for most patients to have any hope of being able to afford Leqembi. Eisai has priced Leqembi at \$26,500 per year before insurance coverage, which is extraordinarily expensive for Medicare patients who have a median income of about \$30,000.

Medicare is picking up the majority of the bill, though many patients will still face several thousand dollars in out-of-pocket costs. Patients with traditional Medicare will pay 20% of the bill for Leqembi, according to the CMS. That means these patients could see an annual bill of more than \$5,000, according to an estimate from KFF, a nonprofit group that researches health-care issues.

People with Medicare Advantage plans also typically pay 20% for drugs such as Leqembi, up to their out-of-pocket maximum, which was about \$5,000 on average for in-network services, according to KFF.

Patients with supplemental insurance such as Medigap or Medicaid might pay less, according to KFF.

People of modest means might not be able to afford the out-of-pocket costs for Leqembi even with Medicare coverage, said Tricia Neuman, an expert on Medicare at KFF. This is particularly concerning because Black and Hispanic people are at higher risk of Alzheimer's disease but are also more likely to have lower incomes, Neuman said. If demand for Leqembi is high, there are also concerns that patients might face long wait times to see specialists and receive infusions.

#### What are the coverage conditions?

Medicare has imposed certain conditions that must be fulfilled for patients to become eligible to have Leqembi covered.

- You must be enrolled in Medicare.
- You must be diagnosed with mild cognitive impairment or mild Alzheimer's disease with evidence of amyloid plaque on the brain.
- You must have a doctor who is participating in a registry and documents whether you have had side effects from Leqembi.

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To get diagnosed with Alzheimer’s or a mild cognitive impairment, patients must undergo a cognitive evaluation and have a PET scan or spinal tap to detect the amyloid protein associated with the disease. PET scans are the most common method to detect amyloid because they are less invasive.

Medicare currently covers a single PET scan per lifetime to detect amyloid. CMS is reconsidering this policy and plans to issue a proposed rule soon, an agency spokesperson said.

The requirement that doctors enter information on the patient into a registry system is controversial. The Alzheimer’s Association and some members of Congress are worried the data-collection requirement creates unnecessary red tape for patients to get treated.

CMS has set up a nationwide portal that is supposed to make it easy for doctors to enter the

required information about their patients. CMS has released a video that shows doctors how to navigate the system.

Dr. David Knopman, a neurologist who specializes in Alzheimer’s disease at the Mayo Clinic in Minnesota, said the registry is minimalist and unlikely to be burdensome to patients and physicians.

### What Are The Benefits and Risks?

Although Leqembi modestly slowed cognitive decline in the clinical trial, the treatment also carries serious risks of brain swelling and bleeding. In the trial, 13% of patients who received Leqembi had swelling and 14% had bleeding.

The swelling and bleeding were typically mild, without obvious symptoms, but these episodes can be fatal, according to the FDA’s independent review of the clinical trial data. When symptoms do present, they include headache, confusion, dizziness, vision changes and nausea.



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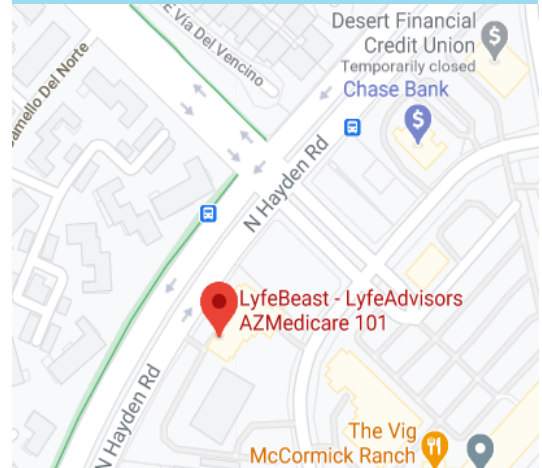


## Map to our NEW Scottsdale Office



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Luci’s and right above  
Crumbl Cookies

## Fourth of July

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- PEIEDDEENCNN \_\_\_\_\_
- DAREPA \_\_\_\_\_
- EFOMEDR \_\_\_\_\_
- FGLA \_\_\_\_\_
- NPCCII \_\_\_\_\_
- URMSEM \_\_\_\_\_
- EIBTLYR \_\_\_\_\_
- ERACMA \_\_\_\_\_
- NITEUD STTSEA \_\_\_\_\_
- JUYL \_\_\_\_\_
- SASTTE \_\_\_\_\_
- RTILEVOONU \_\_\_\_\_
- PTTOIARCI \_\_\_\_\_
- RASTS \_\_\_\_\_

### July Quiz

**Question 1:**

Which US President was born on the 4th of July?

- A. Herbert Hoover
- B. Theodore Roosevelt
- C. Calvin Coolidge

**Question 2:**

The Statue Of Liberty was given to the US by what country?

- A. France
- B. England
- C. Italy

**Question 3:** Approximately how many people were living in the US on July 4, 1776?

- A. 1.9 million
- B. 3.3 million
- C. 2.5 million

### Answers for June

**Question 1:** Along with Cancer, what is the other zodiac sign for those people who are born in June?

**C. Gemini**

**Question 2:** Which Disney character was first introduced on June 9, 1934?

**B. Donald Duck**

**Question 3:** Complete the following old proverb, "A swarm of bees in June is worth ..."

**B. A Silver Spoon**





## How To Handle Social Security Benefits When a Loved One Dies

Losing a loved one is hard and to help you understand what Social Security provides and what needs to be done when a family member dies, here are some key points you should know.

Your first order of business will be to make sure the Social Security Administration is notified when your loved one dies, so their monthly benefits will be stopped. In most cases, the funeral home providing the burial or cremation services will do it. You'll need to provide your loved one's Social Security number to the funeral director so they can make the report. But, if they don't offer that service or you're not using a funeral home, you'll need to do it yourself by calling Social Security at **(800) 772-1213**.

### When Benefits Stop

There are a couple of things to be aware of regarding your loved one's Social Security benefits. For starters, you need to know that a person is due no Social Security benefits in the month of their death.

With Social Security, each payment received represents the previous month's benefits. So, if your loved one were to pass away in August, the check for that month – which would be paid in September – would need to be returned if received. If the payment is made by direct deposit, you would need to contact the bank or other financial institution and ask them to return any benefits sent after your loved one's death.

### Survivor Benefits

When your loved one passes away, their spouse may be eligible for survivor benefits on their

record if the surviving spouse is at least age 60 (50 if disabled). Here's how that works depending on their situation.

If the surviving spouse is currently receiving Social Security benefits based on their spouse's previous work record, their spousal benefit will automatically convert to survivor benefits when the government gets notice of death. They cannot receive both spousal and survivor benefits at the same time.

Widows are due between 71 percent (at age 60) and 100 percent (at full retirement age) of what the deceased was getting before they died. If, however, the surviving spouse is eligible for retirement benefits (but hasn't applied yet), they can apply for retirement or survivor benefits when their spouse passes away and switch to the other (higher) benefit later. Or, if the surviving spouse is already receiving their retirement benefits on their own work record, they could switch to survivor benefits if it offers a higher payment. They cannot, however, receive both benefits.

To apply for survivor benefits, they will need to call Social Security at **(800) 772-1213** and schedule an appointment. They can't do it online.

### Death Benefit

In addition to survivor benefits, Social Security will also pay a one-time payment of **\$255** to the surviving spouse if they were living with their spouse at the time of their death. If they were living apart, they may still receive this one-time payment if they're collecting spousal benefits on their work record.

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

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Allstate	\$115.39
Male	65	G	Allstate	\$130.34
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	New Era Life	\$44.41
Female	65	N	Allstate	\$88.89
Male	65	N	Cigna	\$103.23
Female	66	G	Allstate	\$115.39
Male	66	G	Allstate	\$130.34
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	New Era Life	\$45.54
Female	66	N	Allstate	\$88.89
Male	66	N	Allstate	\$100.46

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 07/01/2023

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

Duration	Institution	Yield to Maturity*
1 year	First Internet Bk	5.48%
2 year	First Internet Bk	4.85%
3 year	Quorum FCU	4.85%
4 year	First Internet Bk	4.54%
5 year	First Internet Bk	4.59%

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 07/01/2023

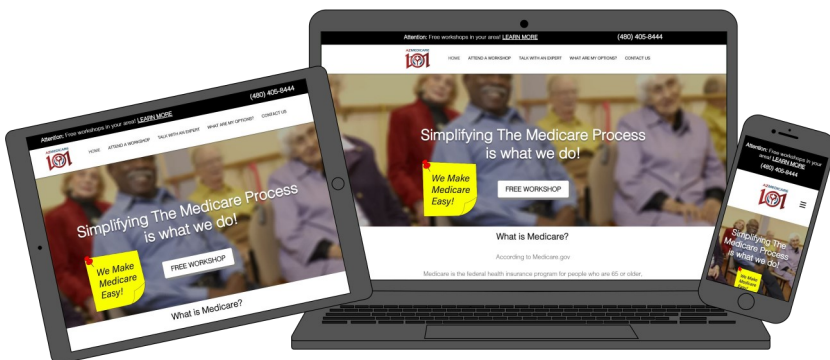
## Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Upstream Life	5.65%
4 year	National Security	5.60%
5 year	Upstream Life	5.65%
7 year	National Security	5.55%
10 year	Equitrust	5.40%

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 07/01/2023

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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**  
Monday, July 24th  
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**Online Workshop**  
Wednesday, July 26th  
5:30pm to 6:30pm

**Online Workshop**  
Thursday, July 27th  
11:30am to 12:30pm

**All Of Arizona in Blue**

*“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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