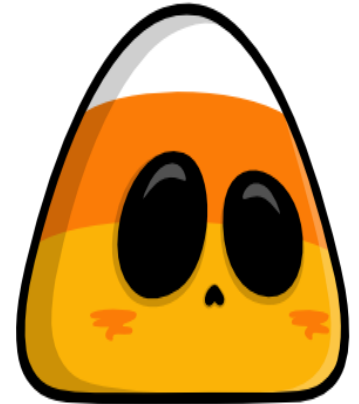


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You Are Probably Too Heavy In Stocks Annuities are one of the smartest rebalancing options

By Thomas Shultz

When Fidelity Investments recently crunched the data on its retirement accounts customers, it found that 37% of those born between 1946 and 1964 (**Baby Boomers**) have more equity holdings than they should.

Depending on age, people in this age bracket should have 37% to 57% in equities, Fidelity said. But well more than a third were above that.

While there's no one-size-fits-all when it comes to asset allocation, experts agree that having too much in stocks beyond a certain age is risky. When you're older, you don't have as much time on your side to recover from market downturns.

Fixed-Income Choices Include Annuities, Bonds and CDs

Annuities, bonds and certificates of deposit (**CDs**) produce an income

stream and thus are part of the fixed-income asset class you need to cut back your holdings in equities (**stocks and stock funds**). When choosing among them, consider yield, guarantees, the safety of your principal, liquidity and taxes.

Treasury bonds and notes, for instance, are popular because they're guaranteed by the U.S. government. You're guaranteed to get your principal back if you hold one to maturity, but you can lose money if you sell a bond before it matures. With Treasury bond funds, the price varies, and you may have a loss or gain when you sell. While interest is subject to federal income tax (**unless held in an IRA or qualified account**), it's exempt from state tax.

Corporate bonds generally pay more than Treasuries but are subject to more credit risk. Municipal bonds

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OCTOBER

It's Spooky Season....
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are free of federal income tax, and in-state bonds are free of state income tax. Because they typically pay lower rates, they're most appropriate for people in higher tax brackets.

Fixed Annuities Often Beat CDs

Bank CDs are popular because they're easy to buy and guaranteed up to \$250,000 by federal deposit insurance (*FDIC for banks, NCUA for credit unions*), which insures both interest and principal. And while you can cash a CD in before maturity, you'll usually pay a substantial penalty. Non-qualified CD interest is subject to federal and state income tax in the year it was earned.

A fixed-rate annuity can be a better choice for part of your money. The most popular type is the multiyear guarantee annuity (*MYGA*), which guarantees a set interest rate for multiple years. Sometimes it's called a CD-type annuity because it acts much like one, but there are some key differences.

Tax Deferral and Thus Greater Compounding

The biggest advantage Annuities have over CDs is that annuities in non-qualified accounts are tax-deferred. You won't pay any federal or state taxes on interest you've earned as long as you keep it in the annuity. Without the drag of taxes, interest in your annuity compounds and grows faster. When your current annuity matures, you can transfer the proceeds, via a 1035 exchange, to a new annuity and continue to receive tax deferral.

This doesn't make any difference in qualified retirement accounts (*IRAs, Roth IRAs, 401(k)s and similar accounts*), since interest in these accounts is already tax-deferred, or tax-free with the Roth IRA. Even so, a MYGA can be a great choice for an IRA or a Roth IRA.

Annuities Pay Higher Rates

MYGAs often pay higher rates than bank CDs

with a comparable term. While you can today find short-term CDs (*six months to a year*) that pay more than 5%, annuities usually pay more if you're looking for a longer guarantee. For instance, it appears that 4.75% is the top rate nationally on a three-year CD as of late September 2023, but you can find a three-year MYGA paying 5.60%. If you want to get a 10-year guarantee, you can earn 6% on an annuity.



While there are bonds and bond funds that do pay more currently, they typically fall into the high-risk or junk-bond category and thus entail more risk, and the goal of asset allocation is to *reduce* risk.

Typically, Annuities Provide More Penalty-Free Liquidity

With CDs, you can usually withdraw interest without paying a penalty, but if you want to tap any of the principal before maturity, you'll typically pay a stiff penalty. Early-withdrawal penalties vary from bank to bank.

Many MYGAs offer more flexibility and let you withdraw up to 10% of the account value annually without penalty. (*All interest withdrawn is taxable.*) This can come in handy if rates go up and you'd like to transfer that 10% tax-free via a 1035 exchange to a higher-paying annuity.

Some annuities, however, have less generous withdrawal provisions in exchange for a higher rate. Nearly all MYGAs have surrender charges for withdrawals beyond the

Cont. next page

amount allowed by the contract. Some insurers may waive all surrender charges if the annuity owner has a terminal illness or is in a care facility for an extended period.

Withdrawal of annuity earnings before you reach age 59½ is subject to a 10% IRS penalty unless you're totally disabled. While this is an important consideration for non-qualified funds, it's not as significant an issue for IRA annuities because you'll normally keep funds in an IRA past that age.

No Federal Deposit Insurance

This is one area where people might think CDs have an edge, but actually, it isn't.

While annuities aren't covered by federal deposit insurance, state annuity guaranty associations are required by law to protect annuity buyers, up to similar limits. Coverage and conditions vary by state and are applied to the state where you live.

Furthermore, life insurers, strictly regulated by the states, have an excellent track record of financial stability. AM Best rates most annuity issuers with a letter grade. While some people feel comfortable using only A-rated insurers, many companies rated B++ are worthy of consideration.

MYGAs aren't the only type of annuities that can help you reduce an overdependence on equities. Fixed Indexed annuities and lifetime income annuities are also worth considering — but that's a story for a different month.

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

October 2023

4.85%

1 Year Fixed Annuity

5.75%

3 Year Fixed Annuity

5.75%

5 Year Fixed Annuity

6.00%

10 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, LyfeAdvisors and our family.



Well, it is here again....the annual election period. I swear it feels just like yesterday that 2023 started....

I feel like we are more prepared this year than ever and hope that it will be smoother than previous years. Everyone seems to get really stressed out here at the office and now that we have added another female to our staff, Thomas is definitely outnumbered!

If you haven't already, try to get the drug form back to us as soon as possible as a few carriers are exiting the business and we need to move you to different plans.

On the investment side, busy is the only way to describe my life.

The more clients we onboard, the more servicing issues we have to tend to and we have now transitioned Beverly to 50% of her time helping in that area. Hopefully the two of us can get more accomplished in a faster manner for all our clients.

On a personal note, September was a hectic month. Starting on



September 22nd, Thomas has been basically on the road and will be until October 11th. We did get a chance to sneak a couple fun things in on the days he was here. I experienced my first country music concert ever a couple weeks ago, and I must say I had a pretty good time.



If you haven't seen Thomas lately, he has gone on this Country music kick and was in full gear for the show. We went with a couple of my friends who are big music lovers and we had a really good time (*Thomas already purchased tickets for next year*).

When Thomas is out of town, I must admit that I kinda like it, because it really gives me a chance to bond with Jackson. One of our favorite things to do

together is go and eat Sushi. Jackson has really matured when it comes to eating raw seafood and now he will pretty much try anything. It's hard to believe that he will be turning 13 years old at the end of this month. Where did my little baby go?

Coralyn Shultz

RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we tried out a new Mexican restaurant called "Mochilero Kitchen" on Thompson Peak Parkway....



My husband and I are always on the lookout for a new Mexican restaurant and we found one completely by accident after leaving our son's house. Mochilero Kitchen is located in the Scottsdale Horizon Shopping Center on the corner of Thompson Peak Parkway and Frank Lloyd Wright Blvd in North Scottsdale.



This is a family-owned restaurant serving authentic Mexican cuisine by a brother and sister duo, Jorge Cota and Meliza Miranda. Both have had many years of experience in food and drink at the Ritz Carlton, Phoenician, and JW Marriott resorts as well as in the beverage industry with Constellation Brands. The first Mochilero Kitchen was opened in Peoria in April of 2020 when the pandemic was beginning, and they had to struggle to keep it open. Cota had taken a food-based research trip to Mexico to become inspired by the most popular and traditional dishes offered in coastal towns along with many of their grandmother's dishes to serve at their restaurant. Along with their authentic cuisine and the atmosphere of the beautiful interiors they wanted to create a very traditional warm feeling that is family friendly.

First, there were not complimentary chips and salsa which was disappointing. We ordered Queso & chips and Brussel sprouts. Both were really yummy. For once, my mother and I did not order salads which I know is surprising. I was really looking forward to eating here because



there are so many offerings for seafood, and it is hard to find that in other restaurants. It is usually just salmon, and I don't like salmon. I really wanted the scallops but it wasn't served with very many vegetables, so I went with the

shrimp plate. My mother chose the chicken Tinga bowl, and my husband had the carne asada burrito. My meal was wonderful and had lots of vegetables. My husband's burrito was good but dry.



Usually there is a sauce with the burrito, but this was just plain. Mom felt that her dish was dry as well so they both ordered a bowl of Verde sauce to pour over their meals.

Everything was really good and flavorful, but my husband wasn't impressed. It was a bit pricier than we usually spend, especially for the quantity of food we received.



My Mom and husband would not go back again but I would give them one more try and get the scallops next time, I just have to figure out who to go with (*any takers?*)

Rita Henderson

Medicare Hack #49

Does Medicare Supplement Insurance Cover Long Term Care?



As everyone ages, their financial concerns and needs will change.

While you may be able to get away with a reduced amount of health insurance when younger, for example, you'll likely need a more robust policy after retiring. Similarly, you may find that your health insurance and Medicare coverage may not be enough. In these instances, a Medicare supplemental policy could be of use. You also may find yourself coming up short when it comes time to pay for in-home care, a nursing home, or assisted living facility. In these unique circumstances, you will have options to explore.

But does Medicare supplemental insurance also cover long term care? Or do you need to explore alternatives to help make ends meet?

Does Medicare Supplemental Insurance Cover Long Term Care?

In short, Medicare supplemental insurance (*also known as Medigap*) will only cover the gaps in coverage remaining after your Original Medicare plan has been applied. But that won't extend to covering long-term care, at least not for very long.

"Medicare and most health insurance, including Medicare supplement insurance (*Medigap*), don't pay for long-term care," Medicare.gov, a federal website, notes online.

"These plans are designed to fill in some of the gaps in Medicare coverage, but they do **NOT**

cover most long term care services," the Department of Financial Services in New York explains.

That said, there may be some circumstances where a supplement policy can assist, albeit not for an extended period of time.

"In general, Medicare supplement plans don't cover long-term care or care longer than 100 days," insurance company Humana says online.

"However, Medicare supplement plans can help cover costs that Original Medicare doesn't cover. For example, Medicare supplement plans can pick up the cost of daily coinsurance when staying at a skilled nursing facility from day 21 through day 100."

Consider Long-Term Care Insurance

Even if your Medicare supplemental insurance plan comes up short, you shouldn't worry. There are still alternatives to pursue, namely long-term care insurance. This unique financial protection covers the costs of everything from an in-home caretaker to nursing homes and assisted living facilities.

And, they operate in the familiar manner that your other insurance policies do. You'll pay your monthly premiums and then make claims for coverage as needed.

But it's not just the financial protection that makes long-term care insurance worth it. There are multiple benefits to having a long-term care insurance plan that seniors and older adults should know.

Cont. next page

Here are two major advantages:

Asset protection: You've worked hard to save money for retirement and to leave to beneficiaries after your death. As such, you don't want to spend that money on long-term care, if it can be avoided. And with a long-term care insurance plan you won't have to. A policy will provide you with a safe and secure way to pay for your long-term care needs.

Tax advantages: Depending on the long-term care insurance provider and the policy you ultimately choose, the premiums you pay for a plan may be tax-deductible *(and the benefits you receive will be tax-free)*. However, eligibility for that ranges based on age and other medical factors so make sure to do your research in advance.

The Bottom Line

While a Medicare supplemental insurance plan may not extend as far as you need in terms of covering long-term care, you still have options. Long-term care insurance can help pay for these costs without issue. This can potentially save you money over time and immediately start protecting your existing funds now.

Plus, you may be able to deduct the cost of premiums from your taxes each year.



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October Quiz

Question 1:

Which US city hosts the world's largest Halloween parade?

- A. New York
- B. Chicago
- C. Detroit

Question 2:

What vegetable was once thought to have supernatural powers on Halloween?

- A. Carrots
- B. Corn
- C. Cabbage

Question 3: What percentage of Americans pretend not to be home on Halloween night?

- A. 48%
- B. 21%
- C. 13%

Answers for September

Question 1: Who had the hit song titled "September"?

- C. Earth, Wind, and Fire

Question 2: Which famous U.S. TV show debuted on September 22, 1994?

- A. Friends

Question 3: What was the first U.S. city to receive a subway in September 1897?

- C. Boston

Ghost	Costume	Broom	Spider	Spooky
Boo	Frankenstein	Bat	Black Cat	Potion
Witch	Skeleton	Mummy	Halloween	Haunted
Pumpkin	Candy	Vampire	Fall	Zombie



Get Ready... The Government Is Coming After Social Security Overpayments

The federal agency that administers Social Security benefits is making new efforts to reclaim overpayments, and it may try to claw back money if you've been receiving too much. In a statement in early October, the Social Security Administration (SSA) said it is assembling a team to review policies and procedures for overpayment.

Roughly 1.5% of Social Security payments are overpayments, according to the agency.

Overpayments can either be the government's fault or the result of a mistake by the beneficiary. Either way, the result is that beneficiaries owe money back to the government.

It is unclear how much money the government is trying to collect in Social Security overpayments. Officials denied that the agency is trying to collect \$41 billion in Social Security overpayments, as some media reports suggested. "This figure was derived from the total amount of overpayments that have occurred over the history of the programs," the SSA explained. "Each person's situation is unique, and the agency handles overpayments on a case-by-case basis."

The news of the overpayment review could be concerning for Social Security beneficiaries who are unsure if they are being paid the correct amount — or for anyone who suspects their checks are larger than they should be.

The SSA said the overpayment problem occurs "given the number of people the agency serves, the number of changes in their

circumstances and the complexity of the program."

The SSA collected \$4.7 billion in overpaid Social Security benefits in 2022, per an inspector general report. *(The agency notes that Social Security benefits total \$1.4 trillion per year.)*

Social Security benefits help supplement income in retirement for 70 million recipients. The annual cost-of-living adjustment (COLA) was 8.7% in 2023 based on high inflation, bringing benefits to about \$1,700 per month on average. Another 3.2% increase in payments is expected for 2024, though that figure is not finalized.

What Happens If You Were Paid Too Much in Social Security

If you've been overpaid, it's possible to get on a plan to repay the government gradually. However, according to KFF Health News, these plans are stressing the budgets of some affected beneficiaries as the agency is collecting from "poor, retired, and disabled people who have spent the money and are unable to repay it."

When someone is overpaid Social Security, years could pass before the issue is detected, and by that time the mistake may have amounted to tens of thousands of dollars, according to the health news publication.

The government is required by law to try to recover overpayments, officials said, and recovery is rarely waived in most scenarios.

Medicare Supplement Rates Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Medico	\$121.00
Male	65	G	Allstate	\$130.34
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	Medico	\$46.97
Female	65	N	Cigna	\$92.17
Male	65	N	Cigna	\$103.23
Female	66	G	Allstate	\$121.16
Male	66	G	Medico	\$136.13
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	Medico	\$46.97
Female	66	N	Cigna	\$92.17
Male	66	N	Federal Life	\$108.51

Rates are accurate at the time of production. Included in the list are fraternal organizations, service organizations, and carriers with ratings above B+.

*Source: CSG Actuarial effective dates 10/01/2023

Interest Rates Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Comm Bk	5.67%
2 year	Rising Bank	5.15%
3 year	Merrick Bank	4.90%
4 year	Merrick Bank	4.80%
5 year	Merrick Bank	4.80%

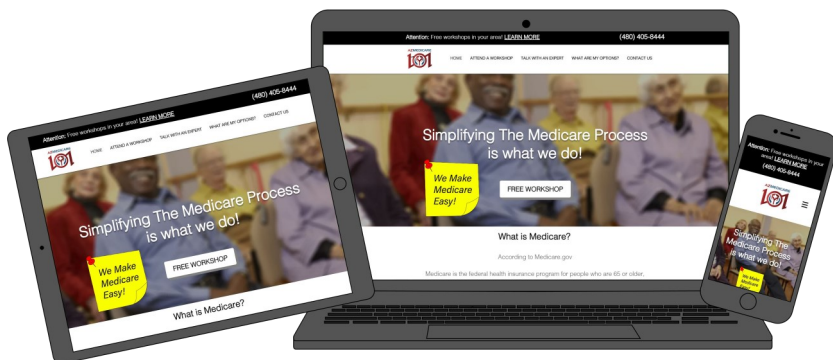
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. *Source: BankRate.com 10/01/2023

Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	National Security	5.75%
4 year	National Security	5.70%
5 year	IBEXIS	5.55%
7 year	Nassau Life	5.70%
10 year	Equitrust	6.00%

Rates are accurate at the time of production. Excluded from the list are fraternal organizations, service organizations, and carriers with ratings below B *Source: AnnuityRateWatch 10/01/2023

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Wednesday, November 1st
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All Of Arizona in Blue

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